IRELAND COUNTRY PROFILE

Population

According to the results of the 2011 Census, the population of Ireland is 4.58 million. This is an increase of 8.1% in the population since 2006 or an average annual increase of 68,284 or 1.6%\(^1\).

Natural increase, the number of births in the State minus the number of deaths, has been positive over the period 1926-2011. The most recent inter-censal period (2006-2011) shows the highest natural increase at 45,000 persons per annum, with 73,000 births and 28,000 deaths. The previous peak of 40,000 per annum was during the 1979-1981 period which had a similar high number of births, but these were offset by a higher number of deaths (33,000)\(^2\).

During much of the twentieth century, the Irish population was subject to net outward migration. However since 1991 the population has increased in part as a result of net inward migration.

Politics and Government\(^3\)

The Head of State in Ireland is the President who is elected to serve a seven year term renewable once. The current President is Michael Higgins (Labour) who was elected in October 2011.

Ireland has a bicameral Parliament (Oireachtas) consisting of the Senate (Seanad Éireann) with 60 seats and the House of Representatives (Dáil Éireann) with 166 seats.

In the Senate, 43 members are elected by indirect vote to serve 5-year terms, 11 members are appointed by the President to serve 5-year terms and 6 members are elected by indirect vote to serve 5-year terms. In the House of Representatives 166 members are elected through a single transferable vote (STV) proportional representation system to serve 5-year terms.

The Head of Government in Ireland is the Prime Minister (Taoiseach) who is appointed by the President.

The last Parliamentary elections were held in February 2011 following the fall of the Government of Brian Cowen which came about as a result of the economic crisis which engulfed Ireland. At the election, the opposition Fine Gael Party led by Enda Kenny became the largest party winning 76 seats. The previous incumbents, Fianna Fail suffered a collapse in support winning only 20 seats.


\(^2\) Ibid.

\(^3\) [http://www.electionguide.org/election.php?id=1918](http://www.electionguide.org/election.php?id=1918)
Following the election, Fine Gael and the Labour Party (37 seats) agreed to form a coalition giving the new government a comfortable majority. According to the Guardian, a deal was reached after Labour persuaded Fine Gael to take an extra year to reduce the massive budget deficit as part of the price of entering into a government partnership. Ireland will now aim to drive down its national debt to 3% of GDP by 2015, from its current level of 12%. In addition, Enda Kenny’s party had said 30,000 jobs needed to be cut from the public sector on a voluntary basis by 2014, compared with the 18,000 advocated by Labour. The figure now agreed by the two parties is between 18,000 and 21,000 within the same period – with a further 4,000 positions to go by 2015.

The Irish Economy

The emergence of the ‘Celtic Tiger’ in mid-1990s saw Irish GDP more than double, reversing the previous trends of high unemployment and mass emigration. A key driver of this was low corporate tax rates which attracted significant foreign direct investment, a stable relationship between employers and unions (Social Partnership) and a highly educated workforce. The EU Single Market also helped Ireland to move to a more open and free-market based economy.

Between 2003 and early 2007 the Irish economy continued to expand at a steady 3-6% per annum. The drivers of the expansion were primarily construction and consumer spending. Construction in particular experienced phenomenal growth in the Tiger years with house prices in parts of Dublin regularly seeing annual increases of around 25%. The influx of migrant workers from the EU accession states helped provide a ready workforce for the construction sector and increased demand for domestic housing. Whilst on paper this growth looked impressive, it was largely financed by debt. When the global economic downturn began in 2008, the Irish economy began to slow and the debts on which growth had been built were called in. This led to a collapse in the property market and large scale defaults as Ireland’s economy shrank rapidly by 10%. Unemployment also rose quickly.

In November 2010, Ireland agreed to receive €85 billion of financial support from the EU and IMF. The UK, Sweden and Denmark also extended bilateral loans.

Throughout the years of the Celtic Tiger, the Irish economy benefited from a low Corporation Tax rate of 12.5%. This was generally much lower than its European competitors and as a result Ireland was able to attract inward investment. During discussions of support to enable the Irish Government to meet its financial commitments there was pressure placed on the Government to raise the rate of Corporation Tax. Thus far, Enda Kenny’s Government have managed to resist this.

The Enda Kenny Government

The Irish Government is committed to reducing its budget deficit to below 3% by 2014. It has taken a number of measures to try repair the banking system; to tackle unemployment; and to restore the public finances. Significant reductions in public sector pay, social welfare and capital expenditure were made in the annual budgets ahead of the election of the new Enda Kenny Government.

Addressing the unsustainable budget deficit is now the responsibility of the new Irish Government. In December 2011, the Government announced the impact the current crisis

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* http://www.guardian.co.uk/world/2011/mar/06/irish-coalition-government-fine-labour
would have on the budget over the next four years. Mr Kenny said Ireland was spending 16bn euros (£13.7bn) more a year than it was bringing in and described his government's first budget as the beginning of a four-year plan for economic recovery.

The Irish Government’s approach to addressing the budget deficit has been to increase taxes and to make reductions to public spending. The 2012 budget saw public spending cut by €2.2 billion and indirect taxes increased by €1.6 billion. Two areas particularly severely hit were the departments of health and social welfare who each lost around €500 million from their annual budgets.

The 2012 budget reductions will need to be repeated over the next 3 years to begin to close the current budget deficit and ensure Ireland only spends what she raises. As in many other Eurozone economies the challenge the Government faces is to make public spending cuts and increase taxes whilst ensuring growth in the economy which ultimately will be required to increase tax revenues and help bridge the budget deficit.

Unemployment in Ireland is currently 14.3% (April 2012) and this presents a further challenge for the Irish Government in that the high unemployment rate increases the welfare bill.

According to figures released in March 2012, “Preliminary estimates indicate that GDP in volume terms increased by 0.7 per cent for the year 2011. This follows three successive annual decreases in GDP during the years 2008 to 2010.” This suggests that the economy may be beginning to recover, but the recovery is both slow and very weak and any further shocks to the Eurozone – such as a Greek default – may plunge Ireland back into recession.

**HM Queen’s visit to Ireland**

On 17 May 2011, the Queen began a four day visit to Ireland. It was the first visit to Ireland by a British monarch since Irish independence in 1921 and the first visit since King George V visited in 1911.

The visit was regarded as a great success with the queen given a warm welcome by the Irish people. Mary McAleese, the Irish president at the time of the visit, said the trip was emblematic of the progress that has been made between the two countries, commenting:

“(It is) a phenomenal sign and signal of the success of the peace process and absolutely the right moment for us to welcome onto Irish soil, Her Majesty the Queen, the head of state of our immediate next-door neighbours.”

On arriving in Ireland The Queen was greeted by President McAleese at her official Residence (Áras an Uachtaráin) in Dublin, and the visit programme included a ceremony at the Garden of Remembrance (a memorial garden dedicated to the memory of those who lost their lives in the Irish Wars of Independence), a courtesy call on Mr Enda Kenny, Taoiseach (the Irish Prime Minister) and a State dinner in Dublin Castle, as well as events at Trinity College Dublin, the National War Memorial Gardens in Islandbridge, the

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Guinness Storehouse and at Croke Park, home of Gaelic sport in Ireland and the Headquarters of the GAA (Gaelic Athletic Association).

According to the UK Foreign and Commonwealth Office;

“The Queen’s visit demonstrated the closeness of our relationship with our nearest neighbour, and how far this has progressed over the last decade – in part due to the success of the Northern Ireland Peace Process. It was also an opportunity to celebrate the strength of our long-standing economic, political and cultural ties which now bind us together closer than ever before”

The Fiscal Compact

At the December 2011 European Council, eurozone members including Ireland agreed a new set of financial rules to try to address the current economic crisis engulfing the Eurozone whilst seeking to ensure such a situation cannot arise again.

The fiscal pact is an agreement of 25 of the European Union’s 27 members (the UK and Czech Republic excluded) which aims to ensure much closer budgetary co-ordination between countries. It was agreed in response to the on-going Eurozone crisis and is designed to restore confidence. Strictly speaking it is not a treaty - it is an inter-governmental agreement.

Following the agreement of the fiscal compact, on 27 February, the Irish Attorney General adjudged that a referendum was required on the Fiscal Compact because the Irish Constitution required referendums on constitutionally significant affairs.

On 31 May 2012 a referendum was held in Ireland on whether or not to adopt the EU fiscal pact.

Voters in the Republic of Ireland approved the EU fiscal pact. Just over 60% of voters taking part in the referendum backed the controversial pact. A “No” vote would not have blocked the pact, but it would have barred Ireland from emergency EU funding when its bailout package expires in 2013.

Relations with the UK

At the time of the Queen’s visit, the FCO produced some text illustrating the links between the UK and Ireland;

“Our bilateral trade is vital to both our economies: the value of UK exports to Ireland is greater than the combined value of our exports to China, India, Brazil and Russia (£24Billion as opposed to £19Billion), while the UK is Ireland’s biggest trading partner.

On the political front, the UK and Irish Governments enjoy a close partnership, working together on a wide range of important international challenges - from revitalising the global economy to dealing with climate change, financial issues to energy security.

Meanwhile, hundreds of years of migration between our islands have created large and vibrant diaspora communities in both countries, as well as close cultural bonds. It is estimated that around 6 million people in the UK have an Irish parent or grandparent, while more than 100,000 Irish residents were born in the UK.

Over recent decades, Britons with Irish ancestry have played a significant role in our economic, political and cultural life. They have included three Prime Ministers (James Callagahan, Sir John Major and Tony Blair), three Beatles (John Lennon, Paul McCartney and George Harrison) and a pair of Oscar winners (Daniel Day-Lewis and Jeremy Irons). Today, they include musicians Noel and Liam Gallagher and global sports and film stars such as Wayne Rooney, Jamie Carragher and Catherine Zeta-Jones.”

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