## MODULE OUTLINE

<table>
<thead>
<tr>
<th>Topic</th>
<th>Title</th>
<th>Eol Ch</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Irish Economic History to Independence</td>
<td>1+</td>
<td>MT1-2</td>
</tr>
<tr>
<td>B</td>
<td>Irish Economic History since Independence</td>
<td>1+</td>
<td>MT3-4</td>
</tr>
<tr>
<td>C</td>
<td>The Economy &amp; Economic Growth</td>
<td>2, 7</td>
<td>MT5-6</td>
</tr>
<tr>
<td>D</td>
<td>Public Finances, Debt &amp; Taxation</td>
<td>3, 4</td>
<td>MT8-9</td>
</tr>
<tr>
<td>E</td>
<td>The Labour Market</td>
<td>6</td>
<td>MT10-11</td>
</tr>
<tr>
<td>F</td>
<td>Social Justice &amp; Inequality</td>
<td>8</td>
<td>HT1-2</td>
</tr>
<tr>
<td>G</td>
<td>Regulation &amp; Competition</td>
<td>5</td>
<td>HT3-4</td>
</tr>
<tr>
<td>H</td>
<td>Competitiveness &amp; Trade</td>
<td>9, 11</td>
<td>HT5-6</td>
</tr>
<tr>
<td>I</td>
<td>Health &amp; Education</td>
<td>12, 13</td>
<td>HT8-9</td>
</tr>
<tr>
<td>J</td>
<td>Natural Resources &amp; Real Estate</td>
<td>10, 14*</td>
<td>HT10-11</td>
</tr>
</tbody>
</table>
• Lectures: Fridays, 10.30-12.00 both (MT, HT) terms

• Contacting me...
  • Offices Hours: Wednesdays, 10.00-12.30 (MT)
  • More practically, by email: ronan.lyons@tcd.ie

• Assessment:
  • MT: of 5 essays, do 2 – 1100-1200 words (20%)
  • HT: of 5 essays, do 1 – 2500 words (20%)
  • Exam: answer 4 questions from a choice of 8 (60%)
  • Full details to follow
Irish Economic History to Independence

1. Why bother?
2. The Irish Economy before Waterloo
3. From Waterloo to the Great Famine
4. The Great Famine
5. The Post-Famine Economy
• Cormac O Grada, ‘Ireland: A New Economic History, 1780-1939’
  • In particular parts II, III, IV
  • Hone your skimming skills!

  • Chapter 1, Historical Background
WHY BOTHER?

• Why bother studying economic history at all?

• And why bother studying Irish economic history, especially pre-Independence?
THE VALUE OF ECONOMIC HISTORY

- Two main reasons why economists are interested in economic history
  - Context is crucial: can’t understand Ireland since 2007 without understanding the Celtic Tiger economy, which was a product of the Irish economy between the 1960s and 1980s, itself a reaction to the economy of the 1930s-1950s... etc.
  - Our only laboratory: to test an economic theory, we must apply it to something that happened (i.e. the past)

- In addition, it’s fascinating!
“...Strafford, writing at a time [1630s] when the country had enjoyed over thirty years of peace and, with the recuperative power for which Ireland has always been remarkable, had again become quite prosperous, if not contented.”

Edward McLysaght, writing in 1939
A ROAD-MAP FOR THE TOPIC

• Aspects to study
  • Population, Income & Living Standards
  • Land, Agriculture & Trade
  • Commerce, Infrastructure & Finance

• Landmark years
  • 1815 – End of Napoleonic Wars
  • 1845 – Start of Great Famine
  • 1922 – Independence & Partition
APPROPRIATE METRICS OF SUCCESS

Pre-19th Century

• Economy’s success measured by population size or density
  • Cf. numbers living in India or China in 1500s
  • Cf. also how U.S. cities judge success today
• Labour mobility
• Income per capita tied to Malthusian fulcrum

Post-19th Century

• Measure of economic success is income per capita
  • In 2000, $19,000 in W. Europe vs. $28,000 in USA vs. $1,500 in Africa
• Lack of labour mobility
• Income per capita driven by technological progress
  • Density largely ignored... or?
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PRE-1815: DEMOGRAPHICS

- Ireland a demographic outlier in western Europe since the 1600s
  - Case study of the link between people and prosperity
- Rapidly growing pop in second half of 1700s
  - Slow-down pre-Famine
- 1780-1815 “false dawn”? 
  - Contemporary opinion: 1780s and 1790s a time of economic progress
PROSPERITY SEEN IN PROPERTY MKT

Number of deeds registered by year, 1708-1800

Source: O’Rourke & Polak
IRELAND AS DEMOGRAPHIC OUTLIER

Average annual population growth, by period

Source: Maddison dataset
BASICS OF MALTHUSIAN ECONOMICS

• Boost in productivity (e.g. new strain of rice/potato) leads to prosperity...
  • ... which leads to higher population...
  • ... spreading resources among greater pop’n...
  • ...driving incomes back to “pre-boost” levels
• Same logic in reverse:
  • Negative shock (e.g. bad crop) reduces pop’n → ↑ land per head, driving up incomes (and thus births)

Thomas Malthus (1766-1834)
A MALTHUSIAN BASKET CASE?

• Two key relationships in Malthusian model
  1. Wages rise with land-labour ratio (technology)
  2. Population growth rises with income
• Did opposite of (2) apply in Ireland?
  • Was there a negative relationship between income and ‘nuptiality’ (% that married)?
• Measuring fertility
  • Demographers’ preferred measure is combination of marital fertility (how many children per marriage) and nuptiality (how many marriages per cohort)
• Balance of evidence: fertility high but nuptiality low, compared to other countries
OTHER “SUCCESS METRICS”

- Distinction between farmers and landless poor
  - Poverty, famine hit latter
- Poor dwellings, good diet
  - Reflected in heights of Irish recruits to EIC
- Role of potatoes, turf
  - Labour and seaweed substitute for scarce land
- Limits of wage data – the non-monetary economy
  - Doubling of nominal wages 1780s-1810s… in line with increase in prices
FOUR ZONES OF IRISH FARMING

1. Ranching pastures on limestone of NE Leinster & East Connacht
2. Dairy lowlands from Kilkenny to W Limerick/Kerry
3. Tillage triangle between Cork-Wexford-Dundalk
4. Small farms of Connacht, W Munster & W Donegal
5. Proto-industrial north/ north-west
   • Lens for understanding shocks (e.g. Corn Laws)
   • Persistent!

Fig. 2.2 Ratio of cattle numbers to acreage under crops, 1854
Source: Agricultural Statistics, 1854
AGRICULTURE’S WAR-TIME BOOM

- A number of sources on agriculture pre-1815
  - Petty (late 1600s), Young (1770s), Wakefield (1810s) and RDS studies
- High output per acre
  - Likely a function of a high labour input
- Napoleonic War saw boom in agri exports
  - Pasture prices rose 127%
  - Cereal prices rose 92%
- Faster than rent, w ↑s
GROWTH IN TRADE & COMMERCE

• Economic integration typically measured through flows, in particular flows of goods (i.e. trade)
  • Measure globalization through this
• Britain and Ireland became significantly more integrated during 1700s
  • Four-fold increase in trade, vs. ~50% for rest-of-world
  • Ireland comprised 15% of British trade by 1780, vs. 4% in 1700
• Some pull-back from this in 1780s/1790s
  • Promotion of domestic industry by Irish
• Livestock fairs as a measure of commercialization:
  • From 700 in 1660s to 3,000 in 1770s to 5,000 in 1845
THE ACT OF UNION

• Political (parliament) & economic (customs) union
  • Article 6 allowed 50%/35% tariff on calicoes/muslins to remain for 7 years before falling to 10%
  • Transitional period of protection – all duties to end in 1821

• In retrospect, debt formula far more important
  • Ratio of 1:7.5 (similar to trade volumes), i.e. 1:3.6 in per capita... but relative to per capita incomes?

• 1801-1816: Irish state spent £63m domestically and £97m as contribution to joint expenditure
  • ~1/2 met by tax; no attempt to introduce land, income tax
  • National debt soared £27m to £107m – merged in 1817

• Post-war economic gloom amid agri crisis
MONEY MATTERS PRE-1815

- **Pre-1783**: 13s. Irish = 12s. British... notional (no mint)
  - Formally bimetallic, but informally Gold Standard (Newton)
  - Lack of silver meant shortage of small change
- **From 1783**: Bank of Ireland could issue notes
- **1797**: outbreak of war, suspension of convertibility
  - Floating exchange rates, first two years Ir/Br £ both fell
  - 1799-1803, Irish fell relative to British by 10%
- **John Foster’s 1803 Irish Currency Report**: bullionist
  - “Blame it on the paper money”
  - Specie circulation of £3m had to be replaced by paper
- **Lack of gold**: even wider array of money used
  - Including Mexican/Spanish dollars, company tokens
IRELAND’S EARLY BANKS

• “Precocious” start to banking after 1690s revolution
  • Failures meant that by 1760, merchants could not be bankers – and no. of partners limited to 6
• Explosion of private banks, could issue small notes
  • 23 in Youghal! A few notorious examples
  • In general, though, needed BofI stock as reserves
  • Failures clustered in 1814-16, 1820 – typically bad agri years
• Crisis in May 1820: BofI as lender of last resort
• Ulster pound: BofI not recognised
  • War meant two exchange rates with London: Dublin, Belfast
• Convertibility resumed in 1821; single UK pound 1826
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IRELAND BEFORE THE FAMINE

George O’Brien (1921) VS. Joel Mokyr (1983)

“The destiny of Ireland in the early 19th Century was very largely moulded by the ideas of two great economists, Adam Smith and Malthus, and of the two, the latter was probably the more influential.”

“At least as far as pre-famine Ireland is concerned, Malthusian models seem to have little explanatory power.”
WHY WE BOTHER (REVISITED)

• Economics, development and famine
  • What can perhaps the world’s most famous famine tell us about the economic causes and effects of famine?
• Remember important distinction between farming class and labourer class
  • Trends for country as a whole may be different to trends for poorest labourer class
• About 85% living in rural Ireland
  • Slowdown in population growth at odds with idea that Irish procreated “oblivious to their hardship”
• 1800-01 and 1817-19 famines saw significant deaths
  • But failures of 1822 and 1830 did not
ROLE OF THE CORN LAWS

• Per-worker output half of UK – higher land/lab ratio
  • Nonetheless, access to same technology, markets?
  • Typical acre rented for ~17s. compared to ~25s.
• High price of tillage due to Corn Laws saw it spread
  • Longford/Roscommon, Antrim, Clare/W. Limerick/Kerry
  • Grain yields also increased ~20% between 1770s and 1840s
• UK-wide protection central
  • From 17% of Britain corn imports in 1790s to 80% by 1830s
• Corn Laws “encouraged and reduced the burden of Irish industrial decline after 1815”
  • Led to not only “too much” tillage, but also too much potato (given its role in rotation)
IRELAND’S TRANSPORT BOOM(S)

• Underpins market economy (like financial services)
• A mini-boom in road infrastructure & mail coaches
  • Regular Limerick-Dublin service by 1760s, Belfast from 1789
  • Belfast-Dublin: travel time from 21hrs (1802) to 14hrs (1825)
• Much less success with canals (vs. Britain)
  • Only 1 of 5 could be deemed a success – lack of S or D?
  • Then again, British success down to coal deposits
• A world leader in ferries & steamships
  • 1818, Belfast-Greenock; by 1836 Dublin to Liverpool, London and Glasgow
  • By 1840s, 100 regular crossing, with intense fare competition
• Railway mania mid-1840s – 17/100 schemes by 1850
TRANSFORMATION OF BANKING

• Remember: pre-1820s, many small banks
  • Removal of restrictions on # partners, merchants in 1824
• 1825-45: all of Ireland main’s banks (except Bofl)
  • Northern Bank, Provincial Bank [landlord bank par excellence], Hibernian (all 1825)
  • National Bank, 1830s [O’Connell brainchild and millstone!]
• Upper and middle class clientele
  • Core business was converting rural deposits into urban commercial loans, typically 1-year
• Despite competition, high dividends
  • From 5% (Royal, National) to 10% (Bofl, Northern)
• Bank of Ireland still special (LOLR)
CYCLES BUT NOT TREND

Share price index of Irish banks, 1825-1845
FERTILITY BEFORE THE FAMINE

- **Fertility**: Evidence from Quakers suggests that marital fertility in Ireland was high but fell between late 1700s and early 1800s.

- **Nuptiality**: pre-Famine, a high proportion never married (10-12%).
  - Census 1841 implies increasing marriage age during 1830s – ~15,000 “averted births”.

![Measure of fertility graph](image)
THE WANDERING IRISHMAN

- Substantial shift in migration after Waterloo
  - Brutal 1740s famine in South: barely any emigration
  - Temporary linen crisis in North: large migration to N. America
  - Exceptions: seasonal migration, fishing (Newfoundland)
- 1815-45 saw 1.5m Irish emigrate
  - Roughly one third each to Britain, U.S. and Canada
  - Highest per capita rate in Europe
- Start of debate about brain drain
  - Vs. win-win for those who leave and those left behind
  - Cf. land-labour ratio
• Solar has estimated total calorific consumption
  • 2,500kcals per person per day (3200 per adult male)
• High relative to England, France ~1800
• What about poorest?
  • Depends on inequality – higher implies ~1,500kcals
• Evidence on Lumper potato far from damning
• Quick note on turf: important subsistence fuel

The Lumper potato: a symbol of impending disaster or bad luck?
Ireland’s “height advantage” seems to have persisted into 1800s
- Nutritious if boring diet
- Evidence from Philadelphia immigration
  - 1850s, 60s: Irish migrants had heavier babies than other groups

Komlos’s Index of Heights of Army Recruits

Caveats:
Who joins the army? What backgrounds/incomes? Do trends in general employment matter?
THE MISSING APOCALYPSE?

• Per capita income ~40% of that in Britain – similar to much of Europe then
• Wages: fall in wages for unskilled building workers
  • But cost of living also fell
• Consumption: imports of tea, sugar, tobacco
  • No significant fall
• Education: an “income-elastic” good
  • % in school increased
• Average vs. poorest

<table>
<thead>
<tr>
<th>1840 Metric</th>
<th>Europe (similar incomes)</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birth-rate (crude)</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Death-rate (crude)</td>
<td>29</td>
<td>24</td>
</tr>
<tr>
<td>% male LF in agri</td>
<td>73%</td>
<td>70%</td>
</tr>
<tr>
<td>% male LF in industry</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>School enrolment</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Urbanization</td>
<td>13%</td>
<td>14%</td>
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STUTTERING TO A HALT?

- High-frequency data from the banks show downturns in 1815, early 1830s and early 1840s, as well as 1846-51
- Roy Foster & Ray Crotty: 1815 was the turning point for Ireland, not 1845
  - The Famine merely an acceleration of a downward trend
  - Deindustrialization following union: agri from 40% of exports in 1780s to 62% in 1820s
- But Irish terms-of-trade (price of exports vs. imports) actually improved significantly 1800s-1830s
- Little evidence of economic stagnation pre-1845
TOPIC A: STRUCTURE

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BASICS OF THE FAMINE

- 1845: new fungus wiped out half of potato crop
- 1846: near-total failure of crop – excess deaths
- 1847: high yields per acre
  - Given another chance
- 1848: almost non-existent crop
  - Deaths continued to 1851
- Most deaths due to hunger-induced dysentery and typhus
DEMOGRAPHIC TOLL

- Counterfactual: What would population have been without Famine?
  - Excess deaths – numbers converge on 1m
  - Averted births – often forgotten, a further 0.4m
- Half of deaths were of under-10s
  - Household formers of the 1860s
- Regional impact varied
  - Mokyr: perhaps 1 in 4 people in Connacht died by 1851
- Ukrainian famine of 1930s only other recent European famine of similar scale (10-20%)
  - Finnish (1860s), Flemish and Dutch crises less than 100,000
WHO WAS TO BLAME?

• Government? Landlords? Landless?
• Famine was more likely unpredictable than inevitable – given pattern of crises since 1800
  • Note that 1845 shortfall was just about dealt with
  • Potatoes “stored” in pigs, tougher to transport vs. grain
• “Moralists” vs. “environmentalists”
  • The Economist (est. 1840s): “it is no man’s business to provide for another”
• Belief markets could do more than governments, hence removal of grain import tariffs
  • Board of Works replaced in 1847 with direct food grants (soup kitchens) – as most too unfit to do any work
BOTTOM-UP RESPONSES

• Ireland was a net food exporter pre-Famine
  • Enough corn, butter and meat to feed population
• Fall-off in calories produced by ~1/2
  • Not offset by extra corn or livestock
• Robbery, and stealing of cattle and sheep, rose dramatically
  • Vs. rape, which fell dramatically during the Famine
• The landlord response
  • Those who did, those who couldn’t, those who didn’t
  • Few studies of landlord rent receipts during this period
• As before, farmers vs. landless class
CROTTY VS. O’ROURKE

• A 45% decline in rural employment 1840s-1870s
  • A shift in labour demand? Or in labour supply?
• Crotty: Famine merely accelerated rural decline in employment
  • Due to shift from labour-intensive tillage to livestock
• O’Rourke: developed model of 1840s Irish economy
  • Shift in prices towards livestock would actually have increased agri employment (by 6%-30%)
  • Extra potato – labour-intensive – needed for animal feed
• Black Death vs. Great Famine
  • No antidote to fungus until 1880s, so a shock to capital productivity as well as to labour supply
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MORE TO FOLLOW…

• Slides update next week