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Is Ireland's Michael Higgins an Economic Illiterate or a Cynical Hack

I've always been proud of my Irish heritage, but now I'm having to reconsider. As is [so often the case when something goes awry](#), the blame belongs to a politician (this [Craig Ferguson joke](#) is right on the mark).

Michael Higgins, the President-Elect of Ireland, has lived a very comfortable life sucking on the government teat. He began his adult life as a sociologist in academia. He then moved into politics, and for decades enjoyed lucrative pay as a member of the political



elite (well above \$100,000 annually in recent years).

Now he'll pull in more than \$300,000 per year for a largely ceremonial job as Ireland's President. As the old saying goes, nice work if you can get it. This guy's definitely part of the top 1 percent.

He's also an economic illiterate or a cynical hack who apparently thinks noble poverty is a good idea for the other 99 percent.

Here's some of what [the Daily Mail reported](#) about one of his recent speeches.

Michael D Higgins launched a savage attack on the Celtic Tiger in his first speech as President elect. In his acceptance speech, the Labour Party candidate...rejected the years of materialism and selfishness that drove the country to ruin. ...Michael D declared: 'We leave behind a narrow individualism that valued the person for what was assumed to be their accumulated wealth but neglected the connection between the person, the social, the

community and the nation. ...Mr Higgins called on Irish people to return to 'co-operative and collective values'.

Isn't this just wonderful? This pampered and cosseted member of the political elite thinks that Ireland somehow was demeaned by being the Celtic Tiger. Does this mean he wants to go back the mid-1980s, before Ireland began to reform? Back when government was consuming more than 50 percent of the nation's output? Back when the corporate tax rate was 50 percent? Back when other tax rates were at extortionary levels?

If that's true, he wants to dramatically reduce the living standards of the Irish people.

Here's a chart (click to enlarge) based on World Bank data for [gross domestic product](#) and [gross national income](#).



Prior to the market-based reforms of the Celtic Tiger era, Ireland was a relatively poor nation with per-capita income and output well below \$10,000. Today, by contrast, output and income are four or five times higher.

But here are two important caveats. First, the World Bank GDP/GNI numbers are not adjusted for inflation, so the chart overstates the rise in living standards. This [World Bank data](#) suggests that the price level in Ireland roughly doubled between 1985 and 2010, so the people of Ireland are perhaps "only" twice as rich as they were in the era before free-market reform.

The second caveat is that some of Ireland's prosperity in recent years was hollow, the result of a real estate bubble. But even with the big decline since 2007-2008, the Irish people are still much better off than they were a generation ago.

But Mr. Higgins apparently doesn't approve of this big jump in living standards.

He's against "materialism," so let's look at some real world examples of how the lives of ordinary people have improved (click to enlarge).

Indicators of Living Standard	Base Year	Most Recent Year
passenger cars, per 1000 inhabitants	201 (1986)	451 (2009)
telephones, per 1000 inhabitants	265 (1985)	490 (2005)
televisions, per 1000 inhabitants	191 (1990)	540 (2004)
doctors, per 1000 inhabitants	1.3 (1985)	3.14 (2010)
infant mortality, per 1000 births	8.9 (1985)	3.2 (2009)
Central Heating, percentage of households	52% (1987)	91% (2005)

Maybe I'm just old fashioned, but I'd rather live in a "selfish" world that gives me doctors, cars, and central heating.

But to a member of the political elite like Mr. Higgins, this kind of prosperity probably spoils people and makes them uppity. Better for people to live noble lives of poverty and deprivation.

Last but not least, this post isn't an endorsement of the "Irish model." Yes, there are some admirable policies in Ireland, most notably [the 12.5 percent corporate tax](#). And Ireland's score from the [Economic Freedom of the World](#) has jumped from 6.3 in 1985 to 7.4 in 2009.

But that's considerably below free-market jurisdictions such as Hong Kong (9.0) and Singapore (8.7).

Simply stated, [government is too big in Ireland and many policies are grossly inconsistent with sound economics](#).

But if I get to choose between today's Irish economy and the pre-Celtic Tiger economy of the early 1980s, it's not a close call.

Maybe Mr. Higgins should spend a year or two living at 1985 living standards before he makes another jackass speech.