

### *The First Programme for Economic Expansion, 1958-1963: an overview of the case study*

The First Programme for Economic Expansion, 1958-1963, is generally seen by historians as a significant milestone and turning point in the economic and political history of the independent Irish state. It marked a departure from the reliance on protective tariffs that had characterised Irish economic policy under the governments led by Eamon de Valera and, to a somewhat lesser extent, his predecessor as head of government, W.T. Cosgrave. The two leaders most identified with the programme are T.K. Whitaker – on whose report, *Economic Development*, the programme was based – and Seán Lemass who became Taoiseach in 1959 and gave his enthusiastic support to the new programme.

T.K. Whitaker was Secretary of the Department of Finance when he wrote the report, *Economic Development*, in 1958. He had been appointed to that position in 1956 by Gerard Sweetman, Minister for Finance in the 1954-1957 coalition. Sweetman was also responsible for Ireland's application to join the IMF (International Monetary Fund) and the World Bank and, at home, the establishment of the Capital Investment Advisory Committee. The change in policy which he initiated survived his government's loss of power in 1957 and came to be associated, above all politicians, with Seán Lemass, the Fianna Fáil Tánaiste and Minister for Industry and Commerce who became Taoiseach in June 1959 following de Valera's retirement. Even before he became Taoiseach, Lemass had chaired the cabinet committee which drafted the First Programme for Economic Expansion and had introduced the programme to the Fianna Fáil ard-fheis in 1958.

The First Programme was essentially a five-year plan; the word 'programme' was preferred because five-year plans were associated with communism and with Stalin's Soviet Union in particular. Identifying grassland as Ireland's greatest natural resource (comprising over 85% of her agricultural land), it sought to increase livestock numbers and boost production of milk and dairy products. However, the greatest policy shift set out in the document was towards free trade and away from protectionism. In *Economic Development* Whitaker had argued, "Sooner or later, protection will have to go and the challenge of free trade be accepted." In December 1959 Lemass told the Dáil, "the world trend ... is towards freer trade and we must not blink our eyes to it".

In 1960 the government decided to become a party to GATT (the General Agreement on Tariffs and Trade). Tariff barriers were gradually dismantled and, in 1965, the Anglo-Irish Free Trade Area Agreement was signed with Britain. In 1961 Ireland and Britain applied to join the Common Market, but the Irish application was withdrawn when the French vetoed British entry in 1963. Britain was still the dominant market for exports from Ireland.

In industry, the programme aimed to bring about a large increase in investment in private industry through tax concessions and other measures such as the promotion of exports. The cost of these measures was substantial, but the Programme argued that risks needed to be taken if future growth and prosperity were to be achieved. The Programme was well-timed to take advantage of an upswing in world economic activity following the post-war economic depression.

During the period of the First Programme, national income grew by 4%. The increasing prosperity was brought about by an increase in agricultural output (9% during the 1960s) and in manufacturing industry, where the value of output rose by 82% in the period 1959-1968. The value of exports in 1960 was the highest for thirty years. Unemployment fell as employment prospects improved. Another indication of a growth in prosperity was the growth in population. The 1966 census showed an increase of 62,411, the first increase recorded since the Great Famine of the 1840s. Two further programmes followed, in 1963 and 1973, after which the oil crisis of 1973 saw the beginning of a period of economic depression.