

Irish Growth Model?

Kien-Tsu James Lin

Associate Professor, Department of International Trade

Tamkang University, Tamsui, Taiwan

Abstract

This paper categorizes the causes of the fast growth of the Irish economy in the past two decades into six areas: (1) expenditure reduction, debt reduction, and fiscal reform; (2) labor-capital-government trilateral win-win policy via social pact; (3) low corporate income tax and aggressive policy in attracting foreign direct investment; (4) emphasizing education and building sound foundation for knowledge based economy; (5) correct strategic responses to the environment of Ireland; (6) correct and timely policy choices. The directions and contents in areas (1), (2), and (4) above deserve Taiwan's learning. The author also supports aggressive policy in attracting foreign direct investment under conditions suitable for Taiwan. However, the author takes a reserved position regarding a policy of reducing corporate income tax rate for the purpose of attracting foreign direct investment.

Keywords: Ireland, Irish model, Irish growth model, economic development, Foreign Direct Investment (FDI), fiscal reform, fiscal reform and economic growth