overcome its role in generating economic inequality. Overall, the book provides a wide-ranging and detailed examination of ethnic stratification around the world. It may be a useful resource for scholars working on such broad comparisons of ethnicity and immigration.

Ryan Finnigan
University of California, Davis
rfinnigan@ucdavis.edu

Seán Ó Riain: The Rise and Fall of Ireland’s Celtic Tiger. Liberalism, Boom and Bust

There is much to recommend this book to anyone interested in the evolution of the latest economic crisis on the European continent, and especially in its links to the persistent economic disparities and difficult paths of catch-up growth in united Europe. For one, this is probably the fullest account of the economic trajectory of a country that was often held up as a paragon of spectacular success owed to economic liberalisation and foreign capital. Ireland was an example much admired and often imitated, before the global financial crisis plunged it back into an equally spectacular dive. Moreover, Ó Riain’s treatment of the Irish story is the kind of political-economy writing one wishes would become more common. Eschewing deterministic and monocausal accounts, this slim volume tells Ireland’s story through a variety of lenses. It skilfully weaves together the analysis of peculiar dynamics of Irish socio-economic structures with that of the broader transformations of the European economy, tracing the changing interactions between the two and unearthing insightful parallels and comparisons with other European countries. This multi-perspective approach also allows Ó Riain to intervene in a number of current debates: about transnational integration and development, the persistence of different models of capitalism, and the recent return of discussions on the Polanyian concept of ‘embeddedness’ to economic sociology.

Perhaps the most inspiring aspect of Ó Riain’s account, however, is its possibilist tone. The crash and burn of the international financial bubble has prompted much Schadenfreude among the more critically minded analysts, who had always known that excessive dependence of the national economies on mobile transnational capital would end in tears. Ó Riain is not one of them. His analysis might be focused on the difficulties and vulnerabilities of anchoring an externally-dependent model of development into national socio-economic structures. But he is also careful to point out the opportunities and the very real gains Ireland made in this process over the years. In other words, not all of the Celtic Tiger was a mirage. Before it got sidelined by the wave of financialisation, Ireland had been firmly on the path to creating institutional foundations for a more comprehensive and sustainable form of development. It is precisely the competition between these models, the political agency behind each, and the persistence of alternatives that lend this book a note of suspense rarely encountered in the academic literature, especially that of a more institutionalist bent. It is also a helpful way to narrow the discussion of the transformation of the Irish political economy in the past three decades to a single question of how a developmental model centred on high technology exports was replaced by a ‘growth machine’ fuelled by international finance and domestic demand in construction.

To answer it, Ó Riain first walks the reader through the various phases of the transformation of the Celtic Tiger. Chapter 2 traces the beginnings of an externally-oriented growth project to the late 1980s, a period marked by macro-economic stabilisa-
tion and aggressive efforts to attract FDI through lower wages and taxes. The beginnings of Ireland’s competitiveness were not, however, purely about ‘unleashing the market’. The cost competitiveness was accomplished, among other things, by national-level wage pacts, and the liberalisation of capital and tax policy was accompanied by an increase in government spending, including through EU funds, and the expansion of tertiary education. These ‘non-liberal’ elements of the Irish developmental state were further deepened in the late 1990s when the social pacts expanded to include the community and voluntary sector and thus strengthen the provision of welfare services. At the same time, new institutions arose to help channel public investment in technological centres, upgrade services for foreign investors, and provide financing for domestic firms seeking to enter the export sector, forming what Ó Riain calls a ‘network developmental state’.

The resulting configuration propelled Ireland to unprecedented growth, but this was not without weaknesses. The very network character of the Irish developmental state that gave it flexibility also detracted from coordination, leaving out some of the key institutional elements, including the main national banks. Unemployment fell, but overall employment levels remained low, especially among the less educated. The very success of its economic model bred wage pressures that demanded both greater coordination and faster upgrading than the existing institutions were capable of delivering, and the problem of falling cost competitiveness was only accentuated by the burst of the dot-com bubble. Ó Riain insists that these were merely growing pangs of a viable system. At the turn of the century, the country commanded ample resources and was facing a multitude of options for taking its development forward. But that debate never happened. Instead, the developmental state was defeated by an entirely different project, with a different socio-economic basis in the country and a different set of connections to the international economy.

Chapter 3 details the mechanics of the new ‘growth machine’. Its key protagonists were the Irish banks that channelled the swell of international funds into the hands of property developers with strong political backing. The new model not only resolved some of the contradictions of the earlier years—providing employment for low-skilled workers in construction and topping up the thin social services with private credit—but was also sanctioned and ‘rationalised’ by outside actors, including international organisations and credit-rating agencies. Chapter 4 pans out from the Irish context to tell a broader story of financialisation in Europe. It discusses how the core French and German banks expanded their lending operations in order to compete with their American rivals; how the euro and the low interest rates helped to flood the peripheries with cheap credit; and how the spread of cheap money coincided with the dwindling of EU structural funds in its Western peripheries. Once again, other paths could have been taken. Ó Riain shows how in the 1990s not only Ireland, but other countries of the periphery had set up coordinating institutions modelled after the German or the Nordic model of economic management in order to meet the challenge of the single currency. Unfortunately, these had little time to sink roots before they were blown away by the gales of financial exuberance. Chapter 5 zooms back in on the Irish case to examine how the structure of Irish politics itself contributed to the demise of an incipient ‘creative corporatism’, pointing to the problems with a dualist public administration, the peculiarities of the Irish party landscape, and a welfare system favouring individual compensation over general social services.

The final chapter widens the perspective once more to encompass a compara-
tive snapshot of crisis management in Europe. Ó Riain argues that this was in fact not one crisis, but several, collapsible into three main dimensions: the crisis of finance (private and public), economy, and political legitimacy (including domestic trust and external reputation). This presented the European states with a peculiar ‘trilemma’, with patterned variations across countries in terms of the tools they used to tackle the implicit trade-offs. Specifically, while the liberal economies with their own currencies resorted to devaluations and Keynesian demand management, the more ‘coordinated’ economies enforced a regime of fiscal consolidation, but complemented it with state-led investments in economy and social services. The adjustment costs were, however, the highest in the peripheral economies which could not choose between the two paths and ended up with the worst of both worlds. Lacking their own currency, they could not engage in Keynesian monetary policy and were forced into consolidation, but they lacked the institutions and social foundations of coordinated market economies that would ensure these were compensated by productive social investments. The book ends on a plea to generalise these bargains to the European level, as the only way to help the peripheries overcome the international constraints and lack of internal resources, which has so far frustrated their attempts at genuine convergence.

While Ó Riain’s does a masterful job of bringing in different theoretical perspectives and levels of analysis to generate his insights, this chapter is also a good illustration of the difficulties and occasional inconsistencies of such an approach. One of the main objectives of the book is its effort to theorise ‘liberalism’. Ó Riain argues that this is not simply absence of non-market coordination, but—despite the clear dominance of the market mechanisms—a socio-economic configuration in its own right with plenty of scope for state and institutional action. However, between seeking to elucidate the general features of liberal ‘embeddedness’ and analysing the specific ways in which it emerged and transformed in the Irish case, Ó Riain lets the other pole of comparison—the coordinated, social-democratic, corporatist model—descend into a kind of caricature. Part of the problem is also that the empirical evidence marshalled in this book—always insightful and often creative—nevertheless remains quite thin in some of the key moments. It is never perfectly clear, for example, how exactly the fledgling Irish creative corporatism was undermined by financialisation. While another project may have taken the centre stage, most of the original institutions remained in place, and although their share in public expenditure diminished, in absolute terms they still remained fairly well endowed. The final chapters hint at a shift in the spirit of collective agreements and corruption within developmentalist institutions, but too much is left to the reader’s imagination. Similarly, the contention that a more robust set of corporatist institutions would have prevented Ireland from joining and then skidding off the rollercoaster of financialised growth is supported by a comparison to the more successful examples of Denmark and other Nordic economies, but we are never shown how their defences really functioned in practice.

But what is perhaps most dissatisfying about this conclusion—especially for an East Europeanist scholar hoping to learn about alternative paths to development—is that it betrays the original possibilist promise of this book. The ‘classic’ European corporatist model, and a sketchy one at that, is offered as the sole path to genuine convergence and sustainable economic development on the periphery. Ireland’s innovative ‘network developmental state’ and its creative use of alternative institutional arrangements to foster industrial upgrading eventually all proved to be too
weak and insufficient when faced with the unrestrained flow of foreign finance.

We can only hope that despite this pessimist conclusion the Irish example can still offer valuable lessons for East Central Europe. The region today finds itself more or less where Ireland was at the start of the 2000s—with a successful, externally driven industrial sector that has experienced some upgrading but is still weakly embedded in these countries’ economies. It is also facing growing conflicts over cost increases, organisation of the skill supply and the involvement of domestic capital, which, as things stand, are unlikely to be easily alayed (or sidelined) by another bout of financialisation. Ó Riain’s book does some impressive groundwork in pointing out the possible alternatives in terms of institutions and social structures that can support further upgrading, as well as the dangers and competing projects that might detract from it. Its flaws, such as they are, are above all an invitation to examine his insights in greater detail, hopefully uncovering new opportunities for development in the European peripheries.

Vera Šćepanović,
European University Institute, Florence
vera.scepanovics@gmail.com

Joel Sawat Selway: Coalitions of the Well-being: How Electoral Rules and Ethnic Politics Shape Health Policy in Developing Countries

Why do certain nations manage to enact broad and encompassing social policies, while others succumb to narrow interests, commonly known as pork-barrelling? This question is particularly important for developing economies, where social policies have an immense impact on population well-being, and where the ability of governments to enact such policies influences both democratic legitimacy and social peace. Joel Sawat Selway’s answer is what he terms a ‘socio-institutional theory of public goods provision’. Specifically, he focuses on why some developing countries have more efficient health systems than others. He argues that the way in which electoral rules are coupled with existing social structures shapes the strategic behaviour of parties, and therefore their policy output, into either broad or narrow policy outcomes. His case is that proportional representation (PR) systems are more suited to ethnically homogeneous societies, first-past-the-post (FPTP) or other majoritarian systems are better suited to ethnically diverse but geographically disperse societies, and neither system is superior in a divided society with isolated ethnic groups.

The book is structured into four parts. The first part begins with a concise introduction and summary of the main argument and contributions, continuing with a literature review, a strong exercise in theory building, followed by a quantitative testing of the main hypotheses derived from the theory. The second part opens the series of case studies, by looking at electoral rules and health policy in countries with low saliency of ethnic divides. He continues by looking at divided but geographically dispersed societies, followed by cases with isolated diverse ethnic groups.

In developing his theoretical framework, Selway builds on two well-established strands of literature. Institutionalist theories argue that electoral laws, which establish the size of constituencies that politicians are accountable to, determine the breadth of policies, with broader bases leading to more universal policies. The second set of theories argue that divided nations find it much harder to pass broad policies, mainly because party systems form on the lines of the divisions. Selway points out two problems with these approaches. The first is that the ‘superiority of PR’ theo-