

Reversal of Fortune

Ireland's "Celtic Tiger" economic miracle is followed by an epic downturn

Photos by Peter Matthews, Black Star, for CrossTalk

"Th' whole worl's in a terrible state o' chassis."
—Sean O'Casey, "Juno and the Paycock"

By Jon Marcus

DUBLIN, IRELAND

THE TOPIC of the Ph.D. seminar in a sunlit classroom at University College Dublin is of more than academic interest to the doctoral candidates who fill every seat. It's called "Politics in Crisis," and it's about how Ireland has managed to find itself in the depths of an epic downturn so soon after the peak of its "Celtic Tiger" economic miracle—a time of incomparably high growth and low jobless rates, when these same students, most then undergraduates, had the world at their feet.

Charts and graphs in PowerPoint chronicle the huge decline in such measures as gross domestic product since then, and a spike in unemployment to some of its highest levels since records began to be kept. Some 266,000 jobs have been lost in this nation of 4.5 million, helping drive the biggest emigration since the 1980s, with 70,000 people leaving last year and another 50,000 likely to follow them this year. Property values in Dublin have plunged 42 percent. The Irish Stock Exchange hit a 14-year low. Struggling with a \$32 billion revenue shortfall, and pushed by a European Union that grudgingly provided a multibillion-euro bailout, the government slashed \$8.5 billion from its annual budget, with plans for another \$13 billion in cuts in the next three years. Public employee salaries were cut, pensions and healthcare

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threatened. The government itself fell.

Among other things, these events have clearly conspired to create what academics like to call a teachable moment. Later on this same day, in the same building on the same campus, is scheduled another, unrelated program, "Education in Crisis," part of a weekly series that

has included discussions about the labor market in crisis, democracy in crisis, migration in crisis, policing in crisis, healthcare in crisis, even Catholicism in crisis.

"There are crises upon crises upon crises," quips James Farrell, a professor of politics at UCD and head of its School of Politics and International Relations.

In addition to Farrell, the speakers at this morning's

seminar include recently retired high-level civil servants, and before each one shares his candid and depressing take on how Ireland's current sad state of economic affairs came to pass, he checks that Chatham House Rules apply, meaning that he won't be identified by name outside the classroom.

"I want my pension to arrive next week," the former official remarks wryly.

"Your reduced pension," an academic in the audience shoots back, to laughter.

It's with this singularly Irish sense of witty fatalism that many in the country seem to be reacting to their reversal of fortune.

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there's no money anymore, and there are few choices," Daniel Hayden, one of the Ph.D. candidates who have come to listen, says during a break in the discussion.

But just beneath the surface are also deep divisions that anticipate those beginning to be felt in higher education in particular, and society in general, almost everywhere. Not only are the causes of the problems familiar—an inflated real-estate market, misdeeds by the banking sector, all but unmanageable public debt. So, increasingly, are the results.

A frustrated public looking for someone to blame is angry at public university faculty, whom they consider lavishly overcompensated. Academics, toiling under increased workloads, are irate at their administrators, whom they say have mismanaged universities and squandered popular support. Administrators bristle at what they consider interference from uninformed and unfairly critical government officials. And government officials want to hold the universities and their faculties more accountable for outcomes.

"There's a very, very profound sense of demoralization



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and quite a significant sense of anger,” said Mike Jennings, general secretary of the Irish Federation of University Teachers. “There’s a very strong sense that the public has decided to tar the entire sector with the same brush, and we’re all regarded as overpaid and pampered.”

And yet, despite this, Ireland has made some unusual strategic decisions that have kept the situation at its universities from becoming even more grave. The budget cuts for higher education, though significant, are not as deep as those that have been suffered elsewhere in the country’s public services, or at many public universities in the United States. A threatened “graduate tax” that would have forced students to repay most of the cost of their educations, like their counterparts in England, has been tabled. Even a proposed increase in the student registration fee has ended up far smaller than feared. Government spending on university research is up, thanks to a

stubborn conviction that new discoveries will help restore prosperity, and campuses have sprouted gleaming, freshly completed buildings that were begun at the peak of the Irish boom years—about \$490 million worth of new construction at UCD alone.

“We’re just holding our breath because we know how much worse it could be,” one top UCD administrator said. In higher education, “Surprisingly, we’ve actually got kind of a good situation in Ireland,” compared to other countries, said

Hayden, who was previously president of the UCD student union. “It could be so much worse,” agreed Megan O’Riordan, head of the student union at Dublin City University across town, whose mother was laid off as an accountant when the roofing company she worked for went under. “It could be better, but it could have been much worse. People are negative about how we got here, but they’re positive about how we’re going to move forward.”

And the plan for moving forward relies in great part on the universities. That’s a major reason Science Foundation Ireland, or SFI—this



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country’s version of the U.S. National Science Foundation—was one of the few public agencies to see its budget rise, not fall, this year, by \$15 million, to \$225 million. In all, Ireland spends \$1.1 billion a year on research, two-thirds of it conducted at its universities and institutes of technology.

But there’s a catch. The nation wants results. “People know we’re in a deep hole. We know we have to keep investing in the kind of development that will help with our recovery,” said Sean Dorgan, chairman of the Centre for Research on Adaptive Nanostructures and Nanodevices, or CRANN, at Trinity College Dublin, which includes a brand-new advanced microscopy laboratory a few blocks from the famous Gothic-style Trinity quadrangle in a former warehouse next to a onetime flour mill. Researchers who work on its focused-ion-beam and electron microscopes in sealed clean rooms include representatives of 74 countries, from corporations such as Intel. “They’re very keen for us to have metrics and deliverables regarding commercialization,” said Joseph Carroll, the American-born associate director of the Biomedical Diagnostics Institute at DCU, which develops medical diagnostic products (a huge growth industry in Ireland, up 12 percent in revenues last year in spite of the economic downturn), in collaboration with corporate partners including Analog Devices, and which just got \$27 million from the government.

“That’s one of the main mandates now,” Carroll said. “Three years ago things were very different. It was just about the science. Now SFI wants us to be self-sustaining. That will be the code word for the next few years—sustainable.”

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From its increased budget, SFI has quadrupled the number of grants it makes through its Technology Innovation Development Award program, meant to encourage commercially viable research. An otherwise widely panned two-year review of Irish higher education, called the Hunt Report, recommended more than doubling spending on such research, from about 1.4 percent of GDP to three

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percent. "It's amazing how financial encouragement can change behavior," said Brian MacCraith, the president of Dublin City University, who acknowledged that this has so far worked to the advantage of Irish higher education.

DCU, which was given university status only in 1989, is a hotbed of such applied research, with the entrepreneurial MacCraith—a physicist and internationally prominent researcher in

the field of optical sensing—as its enthusiastic cheerleader. He calls it a university of enterprise, and has assembled a board of advisors from among executives of Intel, Cisco, Merck, Accenture and other multinational corporations. "We were really set up to be at that industry-academic intersection," MacCraith said at a conference table covered with research reports in his office in the converted 19th-century agricultural training school that is the oldest building on the otherwise thoroughly modern campus.

At CLARITY, an interdisciplinary research center at DCU that develops all kinds of sensor technologies, academics are collaborating with the likes of Disney and its ESPN network to develop everything from maps and screens for theme parks and cruise ships to high-definition cameras that can follow athletes and generate reports about their play, or, for Irish sports leagues, vests that measure breathing and patches that detect the quantity of sodium in sweat. The projects are the subjects of slickly produced posters on the walls, just as the Biomedical Diagnostics Institute has a visitor center for the public. CRANN runs a competition called "Thesis in Three," in which Ph.D. candidates are challenged to describe their work to general audiences in local pubs, using three slides in three minutes.

"Our work is increasingly necessary to justify on the policy level," said Alan Smeaton, a professor of computing and a senior researcher at CLARITY. "This is where we are. We need to make the public aware." Added MacCraith: "When times are tight, you have to be very clear what you're about."

So far the payoff has been promising. Ireland has built a science infrastructure from a level equivalent to that of Bangladesh ten years ago to become ranked among the top 20 countries in the world in research.

Thomson Reuters' Essential Scientific Indicators rates it first in immunology. It is third in molecular genetics, sixth in nanoscience, and eighth in materials science. Since the beginning of a concerted technology transfer program that began around the time of the economic crash, Irish universities have more than doubled their number of inventions and quadrupled their number of startup spinoffs.

"It is remarkable what has been achieved in a relatively short period of time," said Dorgan. "We went at it with a lot of gusto. The case was made strongly. The issue for the last two or three years has been to sustain that level of investment. Practically everyone in this country has suffered a drop in real income and living standards in the past three years, so it's up to us to keep communicating the value of this. The universities know that they are beholden to the public for the money that keeps them going."

The danger, advocates universally concede, is in letting expectations get too high.

"There has been some over-promising, and it creates credibility problems for the whole sector," said MacCraith. "There is sometimes an expectation for almost instant results, and results that come directly from the investment in research," added Dorgan, who was previously chief executive of the Industrial Development Agency Ireland.

Nor is there consensus about the wisdom of this tactic, especially considering that the number of teaching faculty at Irish universities is simultaneously in decline. "There's no shortage of money to do anything as long as it's not the frontline mission of the university, which is to teach," said Jennings. "Politically the universities keep trying to justify their existence as if they were the R&D department of the government. Rather than talking about the pursuit of



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knowledge, they have concentrated an unwise degree on this idea of R&D that can deliver jobs. And in the current economic climate, when people want to hear that, they're saying it more and more. There is a frustration that the teaching part of what we do has been downgraded to second place behind the research part."

The government's austerity measures have forced universities to cut their faculties by six percent since 2008, and there is a freeze on hiring. This despite the fact that enrollment is up 20 percent from a decade ago, thanks largely to immigration. It's another familiar theme, but one that's new in Ireland, which had no real history of immigration until the Celtic Tiger years, when immigrants flocked here to fill low-paying service-sector jobs. Their children often attend poor urban secondary schools and don't speak English as their native language. Fifteen-year-olds in then-homogeneous Ireland ranked fifth in literacy as recently as 2000, according to the Organization for Economic Cooperation and Development, well above the OECD average. Now, with immigrants comprising eight percent of the school-age population, Ireland has plummeted to 17th.

When they arrive at Irish universities, these underprepared students put even more pressure on a shrinking faculty, said Andreas Hess, a senior lecturer in sociology at UCD. "We're all happy to take on more students. Everybody would be happy for a better-educated workforce," Hess said. "But we're not given the means to teach them."

Other resources are also in decline. Disproportionately dependent on the government, Irish universities have 85 percent of their costs covered by public funding, compared to 73 percent in OECD countries on average, 65 percent in the UK, and 44 percent in the United States. That makes them particularly vulnerable in tough times. (Even in good times, Ireland ties for a distant 16th among developed countries in spending on higher education relative to per-capita GDP, and 17th in spending per student.) Given this, the only thing surprising about the budget cuts for universities is that they haven't been worse. Funding was slashed by seven percent, from \$1.7 billion last year to \$1.5 billion this year. As in America, some of that shortfall is being made up on the backs of students in the form of fees. Irish students pay a "registration fee," first imposed in the 1980s when the country chose to make higher education tuition free. Originally \$700 a year, that charge has gradually reached \$2,100 and will rise again next year to \$2,800.

Even though some 43 percent of students come from families whose low income excuses them from paying it, the additional revenue from registration fees reduced the



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cut to universities to 2.5 percent. Still, this comes at a time when, according to the Hunt Report, the equivalent of a 33 percent increase would be needed just to handle the rising enrollment.

These woes, and particularly rising student-faculty ratios, have already taken a rapid and quantifiable toll on the enormous progress made by Irish universities in the last ten years. When the first of what would become the highly regarded Shanghai Jiao Tong international university rankings came out in 2003, only Trinity and UCD among all Irish institutions were in the top 500, and those only barely. The best they did in the *Times Higher Education* magazine standings, when those were first released in 2005, was 111th and 221st respectively. But by 2009, Trinity had shot to 43rd and UCD to 89th, joined in the top 500 by DCU, University College Cork, National University of Ireland Galway, NUI Maynooth, and the University of Limerick. It took only one year for all of this to come undone, and for Trinity to fall back out of the top 50 with UCD gone from the top 100.

To stanch the bleeding, the presidents of all seven Irish universities, the Hunt Report and the Fine Gael political party all support a drastic change in higher-education funding under which university budgets would be bulked up not only by raising the registration fee even higher, but by making students pay substantially more of the cost of their educations retroactively after graduation, based on their courses of study and their incomes—a so-called graduate tax like the one in England. An arts graduate would have to repay \$11,200, an engineering student \$22,400, and a newly minted doctor \$75,600. But after elections in March, Fine Gael was forced to form a coalition government with Labour, which opposed even the first step of increasing the student registration fee beyond the current level. In a compromise, the graduate tax was tabled "for further study," and Labour agreed to raise the registration fee, though not as much as Fine Gael wanted.

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There things stand, and that has managed to leave no one happy.

Though they get a better deal than their counterparts in many other countries, Irish students nonetheless are seeing big percentage increases in their contributions to their educations at exactly the time their families have seen declines in their

incomes. As part of the government's austerity measures, they also face a four percent decrease in the maintenance grants about a third of them receive toward their living expenses while in school. "People are just living on less now," DCU's Megan O'Riordan said with a shrug. "We're at the threshold now. Any more cuts and we're really going to feel it."

Students' short-term futures appear no less bleak. More than 90,000 people under 25 are unemployed, and more

than 59,000 of those are university graduates. More than half of last year's graduates still don't have jobs. Those who do are being forced to take lower-paid and lower-skilled work, according to the National Economic and Social Council. Offices all over Dublin advertise U.S. work visas or Australia or New Zealand travel for students who are choosing to join the ranks of those who plan to emigrate.

Still they keep on coming. The number of university applications for the fall is up another 14 percent, driven by the unemployed and by students from England, who under EU law pay the same as Irish students, and for whom Irish universities are now a bargain.

Nor does there appear to be much public sympathy for this generation, raised as it was in a time of plenty and disparaged in popular caricatures as spoiled and entitled. Today's students are known as the Broke and in College. "These are tough times for Irish students like Jamie," the Sunday magazine of the *Irish Independent* wrote sarcastically about an imagined typical student. "The old man is lying low these days, arguing on the phone with some lawyer guy about what he meant by personal guarantee... and Jamie lives at home and works in a convenience store to pay for Jägermeister at the weekend."

Facing new taxes and fewer services, two-thirds of Irish adults support charging students more for their educations, a poll by the *Irish Independent* found. Forty percent think universities should be paid for partly by the government and partly by higher student fees, and 25 percent support the graduate-tax idea. Fewer than a third think taxpayers should continue to bear most of the cost of higher education, as they do now.

Academics are even more unpopular. At a hearing, one member of the Dáil, or lower house of the Irish parliament, accused them of working only 15 hours a week—the amount of time they spend in lectures. "Most politicians have no clue what academics are actually doing. That's the biggest challenge, explaining to them that we're not sunbathing on some beach," said UCD's Hess. "There's a certain sense of, so many people have lost their jobs and there are rumors of how much money we make." Added Jennings: "We are working harder than we've ever worked, we've taken significant cuts in our salaries, and still the image is being allowed to get abroad that we have a luxurious existence."

The government has proposed a pay-for-performance system for faculty, and new provisions specifying workloads and teaching hours. Faculty are being required to teach for an extra hour per week, on top of their current annual workload of 560 hours, and face penalties if they fail to win satisfactory ratings under a proposed evaluation system based in part on certain learning outcomes. Faculty unions are fighting these plans, and most have refused to sign on to the Croke Park agreement (named for the Dublin sports complex where it was negotiated), under which other

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public-sector workers agreed to cooperate on money-saving reforms in exchange for a promise from the government to make no further pay cuts or forced layoffs. “I’m not a service provider,” Colin Coulter, a lecturer in sociology at NUI Maynooth and an outspoken critic of these ideas, fumed about them before a lunchtime discussion in a steeply banked DCU lecture hall packed largely with fellow academics. “I’m a lecturer. What the hell is a learning outcome? We teach social theory. One of the expected learning outcomes is to be confused.”

Faculty, in turn, direct their anger at administrators, whom they consider meddlesome and overpaid. It didn’t help when news broke that UCD gave nearly \$1.7 million in bonuses to top employees over ten years as a reward for landing a collective \$112 million a year in grants and other income. The government says the payments were illegal, and wants the money back. Trinity College also may be fined for slipping retroactive raises to 27 staff in spite of a moratorium on promotions. (The university says the promotions were made before the moratorium took effect.)

Nor did the university presidents’ knack for public relations serve them when they made no response at all to an appeal from the then-education minister that they take a voluntary pay cut. “What I hear constantly among

my members is, if you look back at the negative stories in the Irish media over the last five years over who has brought universities into disrepute, it’s the senior people who are paying themselves very high salaries,” said Jennings.

Administrators do bear some fault, said Philip Nolan, incoming president of NUI Maynooth. “The controversy surrounding that pay was damaging, there’s no doubt about that,” said Nolan, who is moving on from his job as registrar and deputy president at UCD. “At the moment the public sector in general are natural lightning rods for public anger. And in a crisis like this, people are going to look for somebody to blame.”

For an OECD conference called “Doing More with Less,” Nolan coauthored a paper laying out

four choices for Irish universities to rebound, without recommending any particular one: capping enrollment and cutting costs; increasing enrollment to generate more income; increasing student fees; or enrolling more students who pay higher fees—meaning, in this case, students from outside the EU. (In fact, the government has set a goal of increasing the number of international students at its universities by 50 percent over the next five years, bringing in nearly another \$1.3 billion a year.)

But he said that, in general, the politicians need to stop micromanaging.

“If there was one thing we would ask for it’s that the government would stop worrying about the details of how we do things,” Nolan said. “What the government needs to do is set goals for the sector, agree the outcomes, and then



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get off the pitch.”

That’s unlikely in a country so deep in crisis, and with so much at stake.

“To misquote Seamus Heaney,” Jennings said, after thinking the situation through for a moment: “Hope and history aren’t rhyming. In this case they’re clashing.” ♦

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