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Irish Remedy for Hard Times: Leaving

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By GUY CHAZAN

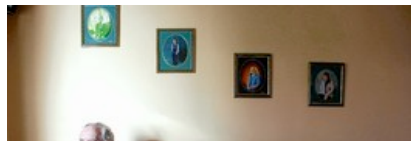


The great recession has triggered yet another wave of Irish emigration. WSJ's Don Duncan reports on how that is playing out in the national election.

CARLOW, Ireland—The people of Ireland go to the polls Friday to deliver what's expected to be a knock-out blow to the governing party. But many are choosing to vote in a traditional Irish fashion: with their feet. Tens of thousands are joining in a new wave of emigration, turning their backs on a country mired in economic malaise.

Martin Lynch's family is one of many that are being scattered to the four winds. In the past year, one son has moved to Germany, another to England. His daughter is planning her departure for London, and Mr. Lynch and his wife are bound for Australia.

"Ireland has let me down," says the 62-year-old, a retired caretaker of the local technology institute here in the southeastern town of Carlow. "We just seem to be incapable of governing ourselves."



Nothing seems to better symbolize Ireland's economic crisis than the re-emergence of large-scale emigration, a scourge many hoped had been slain for good. It's a theme that has cast a long shadow over the

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Jean Curran for The Wall Street Journal

Martin Lynch anticipated that his family would leave Ireland to pursue better opportunities.

campaign for this election, which polls suggest will uproot Fianna Fail, the party that has dominated Irish politics for 80 years.

On the hustings and on voters' doorsteps, emigration is on everyone's lips. For many it encapsulates the sense of hopelessness that has descended on Ireland as the country grapples with one of the worst economic

crises in its history.

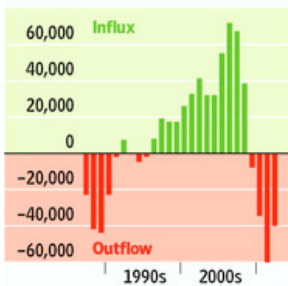
"We never thought we'd see this again," says Alan Barrett, an expert in migration at the Economic and Social Research Institute, a Dublin think tank. "It brings back a lot of bad memories."

Forced emigration was long Ireland's curse. A million fled in the decade after the great potato famine of the mid-19th century, which killed some 800,000 people. There was a huge exodus a hundred years later, with thousands lured away by a building boom in the U.K. Another mass migration followed in the 1980s.

The country's fortunes appeared to change for good in the mid-1990s, when years of big spending on higher education, low corporate taxes, generous European Union aid and an influx of foreign investment helped transform Ireland into the "Celtic Tiger." Between 1995 and 2000, the economy grew nearly 10% a year on average, and Ireland began to catch up with its richer European neighbors. The country's far-flung diaspora started trickling back to feast on the new opportunities.

Getting Out

Ireland's net migration



Note: 2011 and 2012 are forecasts.
Source: Central Statistics Office, ESRI

However, by 2008, as Ireland's banking crisis triggered a deep recession and unemployment soared to 13%, the tide turned again. Ireland's Central Statistics Office predicts that 100,000 people will emigrate over the next two years, more than twice the number that left in 2009 and 2010. That comes to about 1,000 per week, and exceeds the last peak in emigration in 1989 when 44,000 people moved away.

The overall figure represents just over 2% of Ireland's population of 4.47 million, which economists say by itself isn't enough to prevent a recovery.

But there are fears that the more people leave, the greater the tax burden on those who stay and the bigger the decline in public services like education and health care.

An exodus could also reduce demand for housing, depressing already low prices and deepening the losses faced by Irish banks. Since the government is on the hook for banks' liabilities, more losses could worsen Ireland's fiscal crisis, leading to more austerity measures and higher unemployment. Such a "fiscal feedback loop" could increase the incentive to leave, says John McHale, an economist at the National University of Ireland, Galway.

And while demographic data on emigrants is scarce, many of those leaving are believed to be well-educated professionals—precisely the people Ireland needs to lead a recovery. "In a modern, knowledge-based economy, dense, diverse cities full of highly-skilled people are a critical competitive advantage," says Mr. McHale. "If the most enterprising people leave, you undermine that advantage."

Ireland's loss is others' gain, and global demand for Irish workers has increased dramatically. "We've had more inquiries over the last six weeks from companies targeting Irish people than we've ever had before," says Stephen McLarnon, head of SGMC Media Group in Dublin, which organizes exhibitions for those wanting to work abroad. Mr. McLarnon says two-thirds of his current applicants have college degrees. Booths at SGMC's next exhibition have been snapped up by federal and state governments in Australia, New Zealand and Canada.

It's not just English-speaking countries that the Irish are heading for. After the U.K., the

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Real Time Economics



Fed's Hoenig: Easy Money And Too-Big-To-Fail Must End

Federal Reserve Bank of Kansas City President Thomas Hoenig on Wednesday said the U.S. central bank was risking a new financial crisis with its easy-money policies and urged regulators to break up the biggest banks.

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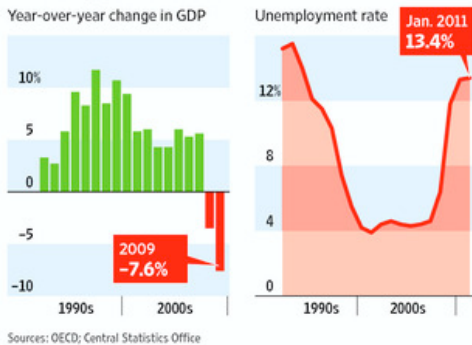
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favorite destinations for Irish people last year were new European Union member states such as Poland and the Czech Republic, with older EU countries like France and Germany coming in third, according to figures from Ireland's Central Statistics Office.

Better Luck Elsewhere

Economic growth has faltered during Ireland's latest financial crisis, while unemployment has soared.



Opposition politicians pin the blame on Fianna Fail. Enda Kenny, leader of Fine Gael, and the man expected to be Ireland's next prime minister, said in an interview that fighting unemployment, the main driver of emigration, will be his party's top priority if it wins the election. The party has pledged to create 20,000 new jobs a year over the next four years, and invest €7 billion, or \$9.5 billion, in broadband, renewable energy and water infrastructure.

Yet whoever comes to power, Ireland faces years of austerity as it

tries to wrestle down a massive budget deficit. To secure a €67.5 billion international bailout last year, the country committed to a four-year spending plan that envisages savings of €15 billion, or nearly 10% of its annual economic output. Pensions and benefits will be cut and taxes hiked.

Not all economists see emigration as a bad thing. Some say it could act as a crucial safety valve to help restore equilibrium to labor markets. And in a globalized world, moving abroad for work isn't necessarily a permanent loss for the homeland. Workers could gain experience and skills that will give them an advantage in the job market if they return home.

"It's terrible that it has to happen, but it's probably preferable to go abroad in search of work than to stay unemployed here," says ESRI's Dr. Barrett. "At a minimum it keeps their skills active, and it takes the strain off the social welfare budget."

Mr. Lynch's story encapsulates the history of Ireland, with its ebb and flow of migration and return. His father moved to London in 1924 from the hardscrabble western county of Roscommon in search of work. It was a difficult time, with job ads routinely featuring the phrase, "No Irish Need Apply." He flourished nonetheless, running a string of pubs in London.

But he always felt homesick, and the family moved back to Dublin in the early 1950s, when Martin was five. They managed pubs there, but never attained the quality of life they'd enjoyed in Britain. "My parents always regretted coming back," Mr. Lynch says.

In the 1950s, the main pattern of migration was in the other direction. In the decade after 1945, some 320,000 people left Ireland, most of them for the U.K., then in the grip of a post-war labor shortage, and for the U.S. The Irish countryside was littered with abandoned houses, and parishes struggled to muster full football teams.

Mr. Lynch remembers the "American wakes" of the time, all-night parties fueled with dancing and potcheen, a local moonshine, that marked the departure of young men for the U.S. "It was just like a wake, because you knew you'd never see them again," he says.

In 1966, Mr. Lynch emulated his father, moving to England to serve in the British army. But he returned after less than a year when his parents fell ill. Over the next 14 years he worked in sales at various Irish oil and gas companies. In the recession of the 1980s he lost his job, and spent much of the next eight years unemployed.

It was a tough decade for the whole country, and many emigrated. Mr. Lynch recalls seeing tearful reunions at Dublin Airport as smartly-dressed sons and daughters came back home for the Christmas holidays. "I remember thinking—I hope to God my kids don't end up leaving like that," he says.

A quarter century later, Mr. Lynch's children are doing just that.

Last year, his eldest son, Eoin, 29, met and fell in love with a German woman, took two years'

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leave of absence from his job at an insurance company and moved to Stuttgart. The college graduate is now studying German there in the hope of becoming a teacher. He says he was glad to get out when he did.

"There was a lot of negativity," he says. "People didn't have lots of money to spend on life insurance and pensions." Germany, in contrast, "is absolutely booming."

Another son, Damien, 28, studied aeronautical engineering at Limerick University but couldn't find work in Ireland. He landed a job last year with a British engineering firm in the northern English town of Derby.



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Jean Curran for The Wall Street Journal

Clare Lynch plans to emigrate to the U.K.

Neither Eoin nor Damien say they had qualms about quitting Ireland. But their sister, Clare, who is 24, is more conflicted.

A nurse, she recently completed postgraduate training in pediatrics. But since the course ended last October, she's been unable to find a full-time job, partly due to a hiring freeze imposed by Ireland's state-run health service.

She has a temporary job with an agency, working at a center for children with learning disabilities in Cork. It's a 60-mile commute

every day from her home in Limerick. She doesn't know from one week until the next whether she'll be kept on.

"When I started, people said nurses and teachers would have jobs for life," she says. But by the time her studies were drawing to an end, that had changed. Clare recalls her dean of studies telling her at her graduation ceremony, "I hope we won't lose you to England, but I'm pretty sure we will."

That prediction has now come true. Ms. Lynch says she has made the "painful" decision to try her luck in the U.K., where demand for nurses runs high. She spent New Year's with her brother Eoin in Germany, and "realized that we were all going to be living in different countries," she says. "It's heart-breaking."

For Mr. Lynch, Carlow symbolizes Ireland's downturn. A town of 18,000 in the country's southeast, it was once a magnet for foreign companies. But investment has dribbled away. A big sugar factory closed in 2005, taking 350 jobs with it, and a German engineering firm shut down its car component plant in 2007. Two years later, Procter & Gamble Co.'s Braun unit, which had once employed more than 2,400 staff in the town, closed an electrical appliance factory. Carlow's quaint high street—once nicknamed the Golden Mile—is pockmarked with boarded-up shops.

"Our economic miracles are always of such short duration," says Mr. Lynch. "We just can't seem to have a sustainable economy."

At the Seven Oaks hotel in Carlow, the talk around the bar is of leaving.

Declan Gordon, a tattooed mechanic who repairs wind turbines, says most of his friends are packing their bags. Some are bound for the U.K., he says, where the 2012 London Olympics has spurred demand for construction workers. The membership of his local Gaelic Football club has dwindled from 30 to 15 in less than a year as teammates have drifted away.

"It's not like the U.S., where you can move to another state if the work dries up," he says. "This place is so small, you have to leave."

Write to Guy Chazan at guy.chazan@wsj.com

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