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'The mystery of Dublin': Corporate profit-shifting and housing crisis in twenty-first century Ireland

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Abstract

Ireland's economy is currently characterized by two phenomena: a highly globalized growth regime predicated on multi-national corporate profit-shifting, and a domestic economy (concentrated in the capital, Dublin) experiencing severe housing crisis. This paper links these two phenomena together, and argues that they be considered as evidence of the emergence of a new accumulation regime, in which a specific mode of integration within the global economy both favours the emergence of, and embeds, particular patterns of domestic rent exploitation. To demonstrate this the paper combines a new synthesis of French *régulation* theory, as modified to account for transnational dynamics, with an updated reading of Gramsci's analysis of (pre-Fordist) rent exploitation, applying this framework to redefine Ireland's growth model as an *emerging transnational accumulation regime of rentier character*.

Keywords: accumulation; housing crisis; Ireland; post-Fordism; *régulation* theory; rentier capitalism.

Introduction

Ireland's economy has attracted considerable attention of late – both scholarly and judicial. For Brazys and Regan (2017), a 'high-tech FDI-led export growth model' explains Ireland's successful emergence – phoenix-like – from the ashes of economic meltdown, capturing inward investment from US firms eager to tap European labour markets, and drawing skilled workers from across the continent. Others strike a more sceptical tone: Krugman (2021) unkindly characterized Ireland's low corporate tax model as ‘leprechaun economics’, its impressive growth in reality a phantom resulting from ‘aggressive profit-shifting’ by those same corporations, its prosperity essentially stolen from other nations’ taxes. Regardless of which perspective is more accurate, both testify to an economy which is highly integrated within regional and global circuits of capital, and which has attracted the off-shoring patronage of a significant number of foreign-owned multi-national corporations (MNCs), to the supposed benefit of the domestic economy.

At the same time, however, Ireland is also experiencing severe housing crisis focussed on the capital, Dublin. Having previously witnessed some of the highest levels of owner-occupation in Europe (Norris, 2016), the commodification and (selective) re-regulation of Irish housing has seen home-ownership move out of reach for many. Renting has overtaken home-ownership as the most common form of tenure in urban areas (Central Statistics Office [CSO], 2017a), and couples with children now form the largest tenant group in Ireland (Waldron, 2021). Moreover, this structural transformation in tenure seems strongly to favour capital: while 2021 house prices in Ireland remained 3.3 per cent below their 2007 (pre-crisis) peak, average rents were 40 per cent higher, with rental inflation in Dublin reaching 8.9 per cent (Residential Tenancies Board [RTB], 2022).

These two phenomena, even taken separately, position Ireland as an important case study within two emerging research themes. On the one hand, the Irish economy’s reconfiguration to the specific requirements of transnational capital, in the form of foreign-owned MNCs re-routing the profits of productive activity occurring elsewhere, suggests a more complex embedding within the global economy than that typically accounted for by comparative capitalism scholarship, which has tended to focus more on the comparative advantage of specific (national) institutional configurations, or the convergence of capitalisms within monetary union (Johnston & Regan, 2018). Rather, the case of Ireland seems to emphasize the need to account for the ‘dynamic interdependence’ of national capitalisms, both with other capitalisms and within global capitalism more systematically, as recently proposed by Hay (2020), and echoed by scholars working within the French *Régulation* School[1] tradition (Jessop, 2014; Neilson, 2020).

On the other hand, the ongoing rupture in Ireland’s historical model of tenure resonates with a new scholarship focussing on the re-emergence of rentier relations within contemporary capitalism. This ‘rentier capitalism’ literature (Christophers, 2020; Standing, 2021), primarily focus~~s~~ed on the UK economy, has identified rent-seeking behaviour in various economic sectors. To some extent it could be argued that, with respect to the phenomenon of profit-shifting, the Irish economy as a whole is evolving to occupy a rent-seeking position within the global economy. However, a more specific literature within this scholarship, which focus~~s~~es explicitly on the re-emergence of the private rental sector, and a generation of reluctant renters structurally excluded from other, less exploitative forms of tenure, has particular bearing on the case of Ireland. The ‘generation rent’ phenomenon (Christophers, 2018; Ronald, 2018), observed across many developed capitalist economies, is increasingly central to contemporary Irish politics, and attempts to find a solution to the housing crisis dominate policy discourse and will likely shape the next general election (Hearne, 2020).

It is the contention of this paper, however, that these two phenomena – a growth model predicated on MNC profit-shifting, and a domestic economy increasingly pushing younger generations into the private rental market – should not be considered separately. Rather, it is argued that they in fact represent linked structural features of an *emerging accumulation regime*: a regime whose nature can only be adequately grasped by integrating domestic, regional and transnational dimensions. The concept of accumulation regime derives from French *Régulation* School theory ~~(RT)~~, and the *régulation* theory (RT) approach will form the theoretical bedrock of the analysis, particularly as recently extended by Jessop (2014) and Neilson (2020) to incorporate a transnational perspective. However, in order to integrate the domestic rent-relation dimension – an element currently under-theorized in both RT and comparative capitalism literature[2] – the paper will also draw on Gramsci’s (1975) analysis of the structural features of (pre-Fordist) rentier economies, updated to account for the post (or after) Fordist context of contemporary capitalism.

The paper is structured as follows: the next section reviews Ireland’s current economic growth model, and the specific nature of the housing crisis to which it has given rise. The following section introduces the theoretical framework, which is then operationalized in section 3. The paper then concludes with a brief discussion on the contribution of the research.

The mystery of Dublin

Writing in the 1930s about the pre-Fordist economy of Italy's south, Antonio Gramsci (1891-1937) described the 'so-called mystery of Naples'.[3] Concurring with Goethe in his refutation of the legend of southern 'laziness' (*lazzaronismo*), Gramsci argued instead that Neapolitans were in fact tremendously active and industrious. The very mystery though lay in the result of their activity, which was 'neither productive nor targeted toward satisfying the needs of productive classes'. Rather:

> Naples is the city where the greater part of the landowners of the south (noble or not) spend their rental income. Around these few tens of thousands of families of landowners, of greater or lesser economic importance, with their court of servants and lackeys, is organized the practical life of a massive share of the city. (Gramsci, 1975, p. 2142)

To some extent, the same could have been said of Dublin a century ago, where an absentee landlord class spent the rental income generated by a largely agricultural economy geared toward the export of cattle. What is perhaps curious though is that, by simply substituting landowners for foreign-owned MNCs, the same could also be said now. Ireland is the country where the greater part of corporate profits for several of the world's largest companies is now diverted. According to modelling by Tørsløv, Wier and Zucman (2018, p. 32), Ireland attracted $106 billion in shifted profits in 2015 (the most of any nation), leading to a domestic windfall in corporate tax equivalent to more than 5 per cent of national income. The importance of corporate tax to the budget continues to grow: in 2021 corporate tax receipts reached €15.3 billion, 22 per cent of total tax receipts, and the third largest revenue stream after income tax and VAT (Parliamentary Budget Office, 2022, p. 9); foreign-owned MNCs accounted for over three-quarters of these revenues (Parliamentary Budget Office, 2019, p. 14).

As in Gramsci's Naples, Ireland's profit-shifting growth model cannot be described as productive in the conventional sense. Rather, most productive activity to which these profits relate, in the form of research and design and manufacturing, takes place elsewhere, and is only registered to Ireland through accounting mechanisms such as the onshoring of intellectual property (IP) assets, the re-domiciling (or inversion) of MNC headquarters, and contract manufacturing (Department of Finance, 2019).[4] These mechanisms are, by their very nature, designed to be impenetrable. For example, the ‘double Irish, Dutch sandwich’ model, until recently used by Google, but now likely several generations behind current practice (Helmore, 2020), involved the creation of at least three separate shell companies in different jurisdictions to allow MNCs to shift profits from high to low tax regimes.

Distorting effects resulting from these practices have undermined many official statistics. The CSO, for instance, now uses an adjusted GNI calculation, GNI*, as a more realistic measure of the domestic economy than GDP (Lane, 2017). They have also, arguably, had a distorting effect on the literature. Brazys and Regan (2017), for instance, argue that Ireland’s *state-led FDI growth model* is an example of a successful, government-led enterprise policy focussed on the creation of *high-tech business clusters*. However, while the visibility of centrally-located real estate developments such as Dublin’s ‘Silicon Docks’ can create the appearance of a relocation of high-tech productive activity to Ireland, the reality is somewhat different. As Regan and Brazys (2018) ~~themselves~~ note, ‘sales and advertising make up the majority of activities in the Silicon Valley firms located in Dublin’ (~~Regan and Brazys, 2018,~~ p. 230), while most longer-established MNCs phased out their ICT manufacturing operations in Ireland in the early 2000s (Barry &Van Egeraat, 2008).

Rather than productive investment, most FDI passing through Ireland can be classified as phantom. According to modelling by Damgaard, Elkjaer, and Johannesen (2019, p. 21) 62 per cent of Ireland’s inbound FDI is to Special Purpose Entities (SPEs), whereby valuable assets (such as patents and IP) are relocated, but not productive resources. Perhaps the leading indicator of the underlying dynamic of MNC activity in Ireland is provided by the profit-wage ratio of these businesses’ employees: in Ireland this stands at 800 per cent, compared to only 26 per cent in neighbouring United Kingdom (Tørsløv *et al*., 2018, pp. 2-3),[5] even taking into account the possibility that MNC operations in Ireland may be more capital intensive, a 30-fold difference in ratios is hard to attribute to anything other than profit-shifting.[6] This interpretation is further strengthened by analysis of expenditure on research and development which, at 1.15 per cent of GDP, is more than one point below the EU average of 2.19 per cent, and below even Greece at 1.18 per cent (World Bank, 2022).

However, the largely balance sheet economy operated by MNCs is not entirely without effects in the real economy. Significant numbers of jobs are created by MNCs in organizational, office-based roles, as well as in companies that serve them in the outward-facing economy. Yet more have been created in lower-paid and lower-skilled roles offering services to this sector's workforce within the domestic economy. While few of these roles – to echo Gramsci – could be described either as productive or servicing the needs of productive classes, the demand for labour which they have created has nonetheless attracted a significant migrant workforce to Ireland's main urban centres. Net migration since 2015 (when the net negative effect on migration of Ireland's financial crisis reversed) reached 149,700 people in 2021, when 645,500 non-Irish nationals were resident in Ireland, representing one in eight of the total population (European Migration Network, 2021). Holding constant the distribution of migrants from the 2016 census (CSO, 2017b), 360,000 of these live in the Dublin area, representing a quarter of the capital's population.

The presence of this large, mobile workforce has coincided with the shift in dominant urban tenure from owner-occupation to private renting. Renting overtook owning with a mortgage as the most common form of urban tenure during the financial crisis in 2011, rising from 27.4 per cent of households in 2006 to 36 per cent in 2016. Local authority housing met some of this demand, rising from just over 100,000 households to 143,000 in the same period; however, the biggest increase in supply has come from the private rental market: in 1992, this category was practically non-existent in Ireland, accounting for only 80,000 households. In the period between censuses in 2006 and 2011, however, households renting privately jumped from just under 200,000 to 320,000 (CSO, 2017a). Within this category non-Irish residents are significantly over-represented: a 2021 survey by the RTB, based on a representative sample, identified 41 per cent of private tenants in the greater Dublin area as non-Irish.

The same survey also appeared to show non-Irish tenants exposed to greater precarity through private renting. The mean percentage of monthly net income paid by non-Irish tenants was six points higher than Irish tenants (at 39 per cent), while 17 per cent of non-Irish tenants paid over half their net monthly income in rent. Non-Irish tenants were also proportionately less likely to benefit from state assistance in meeting their rent (14 per cent of non-Irish tenants received some form of rental assistance, compared to 23 per cent of Irish tenants, while 84 per cent of non-Irish tenants make an additional top-up payment, compared with 59 per cent of Irish tenants), while they also paid a median rent €200 higher (Amárach Research, 2021).[7]

In keeping with the ‘generation rent’ discourse, survey data suggest that large numbers of Ireland’s private renters are ‘locked in’ to the sector: 62 per cent of respondents to the RTB survey either could not obtain a mortgage, were saving for a deposit, or waiting for social housing, and only 45 per cent of current renters saw themselves as owner-occupiers of a home within the next 10 years (Amárach Research, 2021). These sentiments correspond to the reality of a housing market which is increasingly switching to the delivery of buy-to-rent properties for private investors, suggesting the shift in tenure to private renting is driven less by demand from tenants than the requirements of capital (both domestic and transnational) to secure returns. For instance, across 2021 64 per cent of 6,226 new dwellings completed in the Dublin area were apartments, compared with only 11 per cent of 4,732 new dwellings in the neighbouring mid-east (CSO, 2021). This figure should be read alongside reports that 95 per cent of 3,644 apartments completed in Ireland in 2019 were purchased by investment funds (O’Halloran, 2020). In total, €7 billion of domestic and transnational capital is estimated to have been invested in buying out new and existing housing stock in Ireland in the five years between 2016 and 2021, including 17,696 properties in Dublin (Quinlan, 2022). During the same period, the average size of newly completed dwellings has fallen 20 per cent (CSO, 2021), again suggestive of a move to maximize returns on capital.

As previously mentioned, since recovery from the financial crisis trends in house prices and rent have substantially favoured capital at the expense of labour, and the most extreme rent inflation is concentrated in Dublin. Despite the introduction of rent pressure zones, which should limit rent increases to 4 per cent per year in areas where rent inflation exceeds 7 per cent, rental inflation in the capital reached 8.9 per cent in the final quarter of 2021, and the average rent for a one-bedroom property in Dublin (€1,500 pcm) exceeds that of a four-bedroom property outside of the capital (€1,266 pcm) (RTB, 2022). Government policy, meanwhile, seems only to have facilitated the entry of capital and the transformation of tenure. Regulatory measures such as the Residential Tenancies Act (2004) legislated for the liberalization of tenant rights, establishing no-fault eviction and defining a ‘market rent’ regime with no set limit on the amount rents can be increased (Byrne & McArdle, 2020). More recently, CBI mortgage measures, introduced in 2015 to sanitize the housing market after the financial crisis, set strict loan-to-value (LTV) and loan-to-income (LTI) limits for home buyers, restricting mortgages to 3.5 times gross income[8] (Central Bank of Ireland, 2021). The mortgage measures, when coupled with an absence of restrictions on capital investment in the sector, resulted in a 2021 median transaction price in Dublin €80,000 above what the median household income could mortgage.[9]

To summarize, like Gramsci's Naples, Ireland's growth model presents something of a 'mystery'. The profit-shifting of foreign-owned MNCs and the on-shoring of their subordinate, non-productive economic activity appears primarily to serve the interests of transnational capital. At the same time, the significant wave of inward labour migration prompted by MNC activity (both to the outward-facing and domestic economies) has coincided with a re-commodification of housing and a commensurate shift in tenure into rent exploitation for large numbers of the urban population – both migrant and local. Regan and Brazys (2018, p. 234), similarly reflecting on the apparent paradoxes of Ireland's growth regime, contend that it is 'not electorally sustainable', given that 'most Irish voters are not business-finance professionals'. Yet, how then to explain its existence at all?

The following section introduces ~~*régulation* theory (~~RT~~)~~ and its key associated concepts, which, it is argued, can help account for the emergence of Ireland's current growth regime. To do so, recent and historic scholarship is drawn upon to modify and expand RT to accommodate a more dynamic understanding of transnational accumulation, and incorporate the possibility of accumulation via non-productive (i.e., rentier) relations.

Transnational accumulation and rentier capitalism 'in *régulation*'

RT examines 'the historically contingent ensembles of complementary economic *and extra-economic* mechanisms and practices which enable relatively stable accumulation to occur over relatively long periods, despite the fundamental contradictions, crisis-tendencies and conflicts generated by capitalism' (Jessop, 1997b). It does so using the related concepts of accumulation regime (AR), mode of *régulation* (MoR), and model (or mode) of development. An AR is understood as the 'set of regularities that ensure the general and relatively coherent progress of capital accumulation', while an MoR is the 'set of procedures and individual and collective behaviours' that serve to 'steer' the AR and reproduce the fundamental social relations on which it rests. When combined, a stable AR and MoR (i.e., an economy 'in *régulation*') represent a model of development (Boyer & Saillard, 2002). In defining a specific MoR, particular attention is given to the so-called ‘five institutional forms’ (Boyer, 1986), consisting of: monetary regime, wage-labour nexus, forms of competition, form of insertion into the international regime, and form of the state. According to Boyer and Saillard (2002, p. 39), ‘the project of [RT] is to describe these institutional forms and their arrangement, as well as analysing their permanent transformations […] [RT] establishes a hierarchy among these institutional forms according to the mode of *régulation* in effect at the time and in the country under consideration’ ~~(Boyer & Saillard, 2002)~~.

RT emerged inductively through the study of American post-war capitalism and its challenges in the 1970s (Aglietta, 1976), and was strongly associated with the paradigm of Fordism. The subsequent decline of Fordism, combined with the absence of a similarly clear post-Fordist AR, called into question the RT approach and contributed to its fragmentation.[10] Neilson (2020) argues that the concept of the model of development – i.e., an AR and MoR ‘in *régulation*’ – fell into disuse due to an absence of stable accumulation in the post-Fordist world ~~(Neilson, 2020)~~. Similarly, Jessop and Sum (2016) argue that the ‘complex spatio-temporal relations entailed in a variegated capitalism currently organised in the shadow of neo-liberalism’, require a ‘more sophisticated analysis of temporalities and the relations among territories, places, networks, and scales of economic and extra-economic organisation’ than RT has yet provided (~~Jessop and Sum, 2016,~~ p. 23). Furthermore, in keeping with its (industrial) Fordist origins, RT has focused almost exclusively on the valorization of productive relations in accumulation, yet as the earlier-mentioned literature on rentier capitalism seems to indicate, accumulation in post (or after) Fordist capitalism is increasingly defined by non-productive relations, posing the additional theoretical problem of how to integrate such regimes, and their associated mode(s) of *régulation*, within RT.

These theoretical challenges all relate to connected developments within global capitalism, away from an inward-looking Fordism, where intensive accumulation was governed by internal consumption primarily within a single country, to a much more globalized economy, in which the transnational flow of capital, goods and labour is fundamental to growth, a phenomenon variously labelled neoliberalism, globalization or financialization within the literature. Scholarship inspired by yet adjacent to RT attempted to integrate this transnational perspective since the mid-1990s. Chesnais (1996) for instance described a globalization of capital occurring alongside the emergence of a new, finance-dominated AR exhibiting a strong rentier character. As Lapavitsas (2013) observed, Chesnais' term was later appropriated by the RT school, with Aglietta and Rebérioux (2004) developing the concept of 'patrimonial capitalism' to describe how income from shares could compensate stagnant wages within an AR. However, in keeping with its theoretical origins in predominantly national-based Fordist regimes, attempts to model such a finance-led growth regime within RT have tended to exclude or limit an explicitly transnational dimension (see, e.g., Boyer, 2000). Equally, the RT concepts of 'international regime' (Boyer & Saillard, 2002) and multilevel regulatory systems (Boyer & Hollingsworth, 1997) remained predicated on the primacy of the nation and its (relatively autonomous) interactions with regional and international institutions.

More recent scholarship however has attempted to introduce to RT a global perspective on accumulation influenced by Marxian analysis and ecological or 'space' based approaches. Neilson (2020, p. 94) argues that RT should be reformulated to include a neoliberal model of development, understood as 'a conscious theoretical construction of a national trans-national connection that is deliberately designed to achieve calculated social and economic effects', where 'dynamic stability' is dependent on maintaining complementarity between national and transnational dimensions. Neilson's approach builds on Robinson's (2001) concept of the transnational state, 'a geo-political patchwork of national regulatory frameworks networked with and overseen by global regulatory agencies', where 'trans-national corporations orchestrate production in the form of "global networks", which articulate functionally and geo-politically segmented sectors and stages of the production process'. Neilson (2020) advocates viewing individual nation states as both 'components' of this emerging transnational state, as well as competition state players on the resulting global market terrain. Within such a system the aggregate tendency is towards 'a seamless global market surface on which capital can move freely and across countries' (Neilson, 2020, pp. 99-100).

This more sophisticated understanding of the transnational within RT is yet though to find its correlate in the analysis of non-productive (or rentier) relations. However, Lapavitsas (2013), while not working explicitly within the RT tradition, nonetheless offers a possible direction. Building on Chesnais', Aglietta and Rebérioux's (2004) research on the rentier tendencies inherent in contemporary, finance-dominated regimes of accumulation, Lapavitsas (2013) makes use of earlier scholarship in the classical Marxist tradition (particularly Hilferding and Lenin) to analyse the switch from production to rent extraction (or appropriation) occurring under the auspices of financialisation within modern capitalism. Lapavitsas (2013) argues that financialization represents 'a structural transformation of advanced capitalist economies', involving a 'shifting balance of class forces between capital and labour', leading to 'the financialization of the personal revenue of workers and households across social classes'. This phenomenon constitutes a new set of relations which he calls 'financial expropriation' – 'the systematic extraction of financial profits out of the revenue of workers and other social layers' (Lapavitsas, 2013, pp. 798-800).

We would go further than Lapavitsas and argue that this structural transformation transcends the extraction of financial profits by banks, extending into a more general re-emergence of relations of rent exploitation between capital and labour. Taking similar inspiration from Lapavitsas' (2013) rehabilitation of classical Marxist theory, we propose that theorizing this phenomenon can be achieved with the help of RT's own initial inspiration for the paradigm of Fordism: Gramsci's (1975) *Americanism and Fordism*,[11] a significant portion of which is dedicated not to the analysis of Fordist America, but rather pre-Fordist Europe, and specifically to the role and functioning of its rentier classes.

Reflecting on the earlier-mentioned 'mystery of Naples' – whose fundamentals he argued could be found repeated across many parts of the 'old' continent – Gramsci located its origins in the socio-economic system of landowning prevailing in the surrounding region. Medium and small landholdings were held not by the farmers who cultivated them, but by the bourgeoisie of the towns and villages, who gave them out either in primitive sharecropping arrangements (i.e., in rent, with payment in kind or service), or in perpetual tenure (emphyteusis). As such, there existed in the south:

> an enormous volume (in proportion to gross income) of *petit bourgeois* and middle class 'pensioners' and 'income earners' […] that is, an economically passive layer of the population who from the primitive labour of a determinate number of peasants extracts not only its own subsistence, but also manages to save: a mode of capital accumulation among the most monstrous and diseased. (Gramsci, 1975, p. 2143)

For Gramsci, it was precisely the absence of such 'pensioners of economic history […] living off the patrimony of their ancestors' which created the conditions necessary (economic, cultural and political) for the emergence of Fordism in the United States, permitting 'a healthy basis for industry and particularly trade, and permitting the ever greater reduction of the economic function represented by transport and trade to a truly subordinate activity of production' (Gramsci, 1975, pp. 2141-2145).

The pre-Fordist mode of accumulation described by Gramsci in Naples cannot be straightforwardly incorporated into the existing RT framework, as this was modelled precisely on the 'rational' Fordist regime which succeeded it, in which the accumulation of capital is seen as an expression of the (capitalist) institutional form of the wage-labour nexus (Nadel, 2002, p. 31). Agricultural rent exploitation, by contrast, is a pre-capitalist mode of production occurring outside of the wage-labour nexus: even when rent is paid in money, it cannot be said to represent a (commodified) wage for the landlord, who is not, after all, being paid for his labour; neither is surplus value expropriated from the labourer, but rather (and merely) surplus labour. Nonetheless, as a relation of production the extraction of agricultural rent (through whatever form) may still represent a basis for accumulation, as Gramsci notes. While this is not, in pure Marxist terms, a *capitalist* mode of accumulation, it may still represent (within a capitalist epoch) a mode of accumulation of *capital*,[12] and is thereby capable of being incorporated within RT as a component of an accumulation regime, even if lying outside of the wage-labour nexus. Moreover, in a contemporary context in which rent exploitation through (productive) agricultural tenure has shifted to rent exploitation through (non-productive) domicile, the wage-labour nexus once more becomes relevant as the institutional form (coupled with public transfers) which indirectly dictates the sum available to spend on rent, and hence the possible extent of expropriation and accumulation through rent exploitation.

It is therefore possible, on these terms, to incorporate a theory of rent exploitation within the RT concept of accumulation regime. At a broader level, the *possibility* of such an accumulation regime is also readily incorporated within the concept of mode of *régulation*, corresponding as it does in a relatively conventional way to the institutional forms of the state (which regulates the housing and financial markets), the monetary regime (which determines the extent to which domestic or foreign capital is able to penetrate the housing sector), and the forms of competition (which determine the extent to which housing, or non-productive assets in general, become viable investments for capital).

To summarize, RT – despite its antecedence in the predominantly national-centric and production-focused epoch of Fordism – can be extended to include both a transnational perspective and an understanding of accumulation which transcends productive relations to also include rent exploitation. The following section will apply this extended framework back to the case of Ireland.

Dublin: A post-Fordist Naples?

The two main characteristics of Ireland's contemporary economy – MNC profit-shifting and domestic housing crisis – can very readily be placed in a causal relationship. The argument of this paper, however, is different and more subtle: the transnational dimension of Ireland's growth regime stands in symbiotic relation with the domestic transformation of its system of tenure; together, the transnational and domestic components represent an emerging accumulation regime, whereby profit-shifting in the transnational dimension finds its correlate in rent exploitation in the domestic. As with all accumulation regimes, the stability of this regime is dependent on a mode of *régulation* which 'steers' its reproduction and manifests itself in determinate features within the five institutional forms. In keeping with Jessop and Sum (2016, p. 6), accumulation regime and mode of *régulation* are understood as 'chance discoveries', that are selected, co-constituted and co-evolve through trial-and-error search processes. Together, accumulation regime and mode of *régulation* represent a model of development. This section demonstrates the co-evolution of the Irish model of development, and the co-dependency between transnational and domestic dimensions within it.

The first stage in the emergence of this development model can be traced to two specific features: (1) the newly independent Republic's mode of insertion within the regional economy, and (2) the developmental approach of its bureaucratic and policy elites. Upon independence the Irish Republic had little industry, and sporadic import-substituting industrialization did not produce long-term success (Ó Gráda & O'Rourke, 2022). In the late 1950s the government switched policy: the Industrial Development Authority (IDA), initially established in 1949 as part of the government's protectionist economic policy, shifted to encouraging export-led industrialization (Donnelly, 2010), aided by a law offering 50 per cent tax remission on export-derived profits, and the creation of the Shannon export-processing zone (EPZ).

While none of these policies were particularly successful in boosting domestic growth,[13] they nonetheless played an important role in the development of both a certain kind of policy elite and a certain policy posture: that is, an autonomous bureaucracy,[14] not directly accountable to the electorate, with an interest in pursuing a peripheral, dependent mode of insertion in the regional and global economy,[15] primarily through MNC off-shoring. This economic vision was decidedly post-Fordist, relying on the willingness of MNCs to geographically disaggregate their production to more tax efficient, low-wage locations; as a policy approach it could be said to reflect Jessop's neo-Gramscian concept of an *accumulation strategy* (Jessop, 1983, 1997a): that is, a combination of defined growth model, its necessary extra-economic pre-conditions, and a general strategy appropriate to its realisation.

In the 1960s and 1970s the pre-conditions were not yet in place for the realisation of this strategy, not least in terms of human capital, infrastructure and wage competitiveness. Nonetheless, membership of the EEC in 1973 allowed the IDA to promote Ireland as an export platform into the wider European economy (Ó Gráda & O'Rourke, 2022, p. 354), while profit-shifting was explicitly encouraged by the introduction of a 10 per cent corporation tax in 1981. It was only after the prolonged crisis of the 1980s, when crushing public debt, unemployment at close to 20 per cent, and large-scale emigration effectively resulted in an internal devaluation of the economy, that the necessary conditions were met for the strategy to flourish. For a brief period the IDA's policy of attracting (predominantly the United States) MNCs resulted in the off-shoring of genuine manufacturing activity to Ireland in ICT and pharmaceuticals, and even in the creation of a domestic ecosystem in software development (Ó Riain, 2000). However, even during this initial period of export-platforming there was significant scepticism regarding the true nature of such activity: Stewart (1989) found evidence of transfer pricing in operation, while a decade later O'Hearn (2000~~, pp. 76-77~~), commenting on MNC maintained profit rates in Ireland which were five times higher than elsewhere in the world, observed that '[u]nless some feature of Irish soil or society produces astounding super-productivity, we can safely assume that these profit rates are enhanced by corporate accounting practices' (pp. 76-77).

Writing at the time, Ó Riain defined the organizational structure guiding this strategy as a *flexible developmental state* (FDS). In contrast to the (Fordist) bureaucratic developmental states of East Asia, the FDS was defined by:

> [i]ts ability to nurture post-Fordist networks of production and innovation, to attract international investment, and to link these local and global technology and business networks together in ways that promote development. This ability is sustained by the multiple embeddedness of the state in professional-led networks of innovation and in international capital, and by the state's flexible organizational structure that enables the effective management of this multiplicity. (Ó Riain, 2000, p. 158)

Ó Riain identified Israel as another example of a successful FDS; however, a key difference between Israel and Ireland lay in the proportion of GDP invested in research and development in each case. Even in the 1990s R&D investment in Ireland languished, consistent with the country's dependence on foreign technology (Ó Gráda & O'Rourke, 2022, p. 357); Israel, by contrast, has the highest levels of R&D investment in the world (World Bank, 2022). Rather, as O'Hearn (2000, p. 77) noted, the great anomaly of Ireland's Celtic Tiger period was rapid growth *without* investment, with the Irish economy having the lowest investment rates in Europe in the mid-1990s. In this sense, rather than domestic networks of innovation, Ireland's post-Fordist FDS seemed to be characterized by the relatively 'thin' domestic embeddedness of MNCs, sustained by client-type relations with state development agencies,[16] and ultimately with a much greater emphasis placed on the re-routing of international capital.

The transnational component of Ireland's accumulation regime had thus already emerged by the 1990s; at this point, however, it did not lead to *stable* accumulation, as the transnational was not held 'in *régulation*' with the domestic through a corresponding configuration of the five institutional forms. Indeed, instead of stabilizing accumulation, government action promoted a boom in domestic credit, encouraged by the halving of capital gains tax to 20 per cent in 1998. With little of this credit money going to productive investments, capital flowed instead primarily into non-productive assets, exacerbated further by imbalances within EMU, and causing a speculative property bubble which led to the financial crisis of 2008.

According to Boyer (2002), RT distinguishes between five types of crisis, with those affecting *régulation* and the AR termed structural or major crises. Indicators of this type of crisis include an inability to resume profitability and recovery of accumulation, the destruction of social forms supporting accumulation, and an increase in social and political conflicts at both the national and international level. From this description 2008 constituted a major crisis for Ireland: banking failure resulted in the nationalization of debt through the creation of the National Asset Management Agency (NAMA); the threat of government insolvency resulted in an internationally-administered economic adjustment programme; the previously-dominant political party was routed in elections; unemployment peaked at 15 per cent; and tens of thousands left the country.

It was in the aftermath of this crisis that a mode of *régulation* emerged that stabilized the articulation between transnational and domestic dimensions within Ireland's accumulation regime. In this case, *régulation* required regulation, in the form of the CBI's mortgage measures, which represented a modification to the monetary regime that broke the link between transnational capital and domestic credit. However, by throttling labour's access to mortgage finance without placing any compensating restriction on capital's access to the housing market, the mortgage measures also provided the structural potential for rent exploitation to emerge as a domestically-articulated mode of accumulation.

Potential is not sufficient, however, and the final key component in the emergence of an accumulation regime in which transnational and national dimensions were stably articulated lay in the contingent presence of large-scale labour migration. Various research has demonstrated that labour migration can lead to an increase in housing rent (Latif, 2015; Mussa *et al*., 2017; Tyrcha, 2020); the argument in the Irish case, however, is more specific. Labour migration is in itself determined in the first instance by a political consideration related to the transnational dimension of the accumulation regime: MNCs demonstrate their 'credible commitment' to Ireland through the creation of an employment footprint[17] which, given domestic cost pressures related to that same accumulation strategy, is necessarily restricted to those non-productive, administrative roles which downward wage competition has not transformed into an international cost of production. The effect of this 'credible commitment' is not negligible: according to estimates by Tørsløv *et al.* (2018, p. 33), foreign firms pay 24 per cent of all wages in Ireland. As other scholars have noted (Brazys & Regan, 2017), MNC roles are increasingly of a nature that domestically-located labour in Ireland is ill-equipped to perform; even were that not the case, however, the dynamic of the EU's regional labour market ensures that the generation of labour demand in a given area automatically leads to a strong pull effect in terms of labour migration.[18]

From this first determinacy arises a second: labour migration not only produces demand for housing, but a specific form of demand characterized by an absence of political voice. This is a vital component within the mode of *régulation*: regulation of domestic credit creates the structural conditions to compel labour into extended rent exploitation; the absence of voice associated with a large share of that labour (estimated, as has been seen, at above 40 per cent in the Dublin area) creates the political conditions to enable its continuation. This is a more sophisticated dynamic than may first appear: in order for an accumulation regime predicated on rent exploitation to be stably reproduced, the conditions must exist for prolonged capture by the private rent system – prolonged, but not necessarily permanent. Labour migrants to Ireland often acquire citizenship (and with it, political voice) after prolonged residency; yet before doing so they may pass through many years of voiceless tenancy. Voiceless labour is, of course, not the only bloc among private tenants, and most private tenants remain Irish nationals. The effect of voiceless labour however operates more in the form of a 'reserve army' of tenants: as the last entrants to a market in which rents trend ever upwards, they must always accept the worst terms; furthermore, as already seen they are least entitled, and frequently least able, to secure any government supports which could insulate them from rent inflation. The presence of voiceless migrant labour thus serves as a broader structuring factor within the private rental market, ensuring demand remains elevated, while limiting the possibility for collective action to emerge.

The contours of Ireland's emerging accumulation regime are thus predicated on a double articulation. At the transnational level, the 'seamless global market surface' described by Neilson (2020) has enabled Ireland to emerge as a specific kind of competition state, in which advanced techniques of accounting and tax planning, coupled with a benevolent regulatory structure, have led to the creation (within an increasingly globally disaggregated circuit of capital) of a highly permissive space for the concentration of the money form, in the specific sense of MNC profit. In this respect, Ireland plays a fundamental role in an emerging *transnational* accumulation regime, one which the accumulation strategies of MNCs, rather than national capitalisms, is determinant in organizing. Within this regime little to no productive activity takes place within Ireland itself, nor does Ireland consume a more than proportionate share of goods or services produced by these MNCs; its only role is to serve as a staging post in the corporate circuit of capital, such as to minimize as much as possible the limiting effects of *régulation* (and, for that matter, regulation) within less permissive national regimes. In this endeavour MNCs are facilitated by a domestic policy elite whose role, *qua* Neilson (2020), is the maintenance of the 'dynamic stability' of this 'national trans-national connection', particularly within regional and global regulatory bodies, as recently demonstrated by the lobbying role of Irish policymakers during negotiations on a global agreement on corporate taxation, as well as cases recently before the ECJ relating to profit-shifting.

Alongside this transnational level of articulation is an emerging domestically-articulated accumulation regime predicated on the rent exploitation of wage labour. The definition of this regime as domestically-articulated should not be read as precluding the involvement of transnational capital. Rather, it refers to effects which are distinctly related to space: housing is a non-tradable commodity, and demand for housing can only be satisfied in the space where it arises. In this respect, accumulation through rent exploitation – a domestic articulation – is entirely determined by the transnational articulation of Ireland's accumulation regime. On the one hand, the requirement to stabilize accumulation within that transnational regime required a mode of *régulation* that cut the link between transnational capital and domestic credit, thus creating the structural pre-conditions for rent exploitation by restricting labour's access to mortgage finance; on the other, the requirement for MNCs to demonstrate 'credible commitment' to Ireland – thereby mitigating reputational damage potentially accruing to Irish policy-elites acting in a principal-agent relation to MNC interests – created a demand for labour increasingly supplied through migration, which then translated into a specifically voiceless demand for housing within the private rental market.

The nature of this double articulation leads us to redefine Ireland's growth model as a *transnational accumulation regime of rentier character*. The transnational rentier characteristics of MNC profit-shifting within a globalized economy find their domestic correlate in the increasingly rentier character of housing. Moreover, domestic rent exploitation also balances and reconciles contradictions emerging from Ireland's position within transnational accumulation: whereas profit-shifting benefits MNCs, its failure to bring associated productive economic activity (which was the initial justification for export-platforming) begs the question as to how it truly benefits the host country; in this sense, rent exploitation through housing can ultimately be viewed as a mechanism for the domestic capture of a portion of the larger transnational rent accruing to MNCs through profit-shifting. MNCs may pay lower corporate tax in Ireland, but in turn their staff (among others) pay higher rent, and the wage-labour nexus is the mechanism which indirectly links the two.

Stabilizing this accumulation regime is a mode of *régulation* itself also marked by a complex, double articulation. Its transnational component consists of a) a state form predicated on a bureaucracy with high relative autonomy, which in turn, *qua* Neilson (2020), maintains b) the dynamic stability of a national-transnational connection (understood in terms of form of insertion in the international regime), predicated on base erosion and profit-shifting, itself in turn related to c) a specific form of competition based on advanced techniques of accounting and tax planning, coupled with a benevolent regulatory structure. The domestic component of the mode of *régulation* instead emerged following a crisis provoked by this transnational accumulation regime being ‘out of *régulation*’, and it exists to stabilize the national-transnational connection within Ireland’s domestic setting. It comprises d) a regional monetary regime (EMU) modified through macro-prudential policy to effectively ring-fence domestic credit from the speculative tendencies associated with the transnational connection, and e) a wage-labour nexus predicated on post-Fordist principles of flexibility in internal and external labour markets.

The final question relates to the ongoing stability of such a regime: for as long as the effects of rent inflation can be mitigated among Irish nationals through targeted measures, the voiceless component of migrant labour suggests that stable accumulation will continue. Equally, there is evidence that the government is engaging in creative bending of macro-prudential rules to ensure that the rent condition does not become a permanent fact of life, but rather a temporary (if prolonged) feature of the life course,[19] again suggestive of the dynamic adjustment of an AR and MoR ‘in *régulation*’.

On the other hand, the fact that macro-prudential policy has severed the link between transnational capital and domestic credit, without placing additional restrictions on the entry of transnational capital directly into the housing market, is a more likely cause of potential instability. The transnational nature of Ireland’s accumulation regime means that the profits deriving from its domestic, rentier mode of accumulation are themselves increasingly captured by transnational capital. A recent housing scheme in Dublin, for instance, was purchased by a German pension fund and then leased back to the local council for social housing purposes on a 25-year contract: effectively, the profits from profit-shifting are themselves being shifted from Ireland through its social welfare system. While perhaps the logical conclusion of a transnational accumulation regime predicated on the disaggregation of the global circuit of capital, such outcomes reflect a contradiction within that regime whose political implications are increasingly hard to reconcile.

Conclusion

This paper has investigated the deeper connection between the two key features of Ireland's contemporary economy. Rather than explain the shift to private rent as merely a temporary 'crisis' provoked by excessive demand produced through Ireland's profit-shifting growth model, French *régulation* theory has been used to demonstrate how rent exploitation can instead be theorized as the domestic articulation of a *transnational accumulation regime of rentier character*. Together, profit-shifting and rent exploitation represent the two mechanisms through which stable accumulation currently occurs within this regime, with each of these mechanisms in turn relating to a different dimension – the transnational and the domestic – whose interactions are held 'in *régulation*' by specific features of the five institutional forms. Just as the domestic dimension of this regime cannot be fully comprehended without an adequate understanding of the transnational dynamics shaping it, so too the transnational dimension cannot be fully reconciled without an understanding of how rent exploitation at the domestic level mitigates some of its contradictions.

It is hoped these findings can contribute to the current debate within comparative capitalism research concerning how best to understand and capture the transnational within contemporary capitalisms. To be sure, not all capitalisms have as complex a mode of insertion within the globalized economy as Ireland; yet unpicking this complexity and demonstrating the structured ways in which the transnational and domestic interact sheds light on the complex spatio-temporal relations which Jessop and Sum (2016) find to be characteristic of contemporary 'variegated' capitalisms, as organized in the shadow of neoliberalism.

Equally, it is hoped that the incorporation here within the RT framework of some of the rentier-type relations which scholars are increasingly associating with contemporary capitalism can inform future research. In particular, given the observation of scholars such as Piketty (2014) that the recent uplift in returns on capital (as against labour) possibly reflects a return to longer-term trends in accumulation, it perhaps makes sense to look again at theorists from an earlier, pre-Fordist period who were more closely attuned to such modes of accumulation. In this respect, it is hoped that the application of some of Gramsci's observations on Naples to our contemporary, neo-liberal context can provoke further reflection on possible similarities between pre- and post-Fordist capitalisms.

Finally, the paper also makes a more direct contribution to contemporary debates regarding the specific case of Ireland's current growth model, and its possible stability or sustainability. To be sure, no normative claims are made regarding the desirability of such a model and the outcomes to which it leads. Yet, the findings here do, to some extent, run contrary to the conclusions of Regan and Brazys (2018), who suggested that the increasingly foreign composition of Ireland's MNC workforce, coupled with the inflationary effect on domestic housing produced by labour migration, render Ireland's growth model electorally unsustainable. In a similar way to RT, such a perspective arguably overemphasizes the centrality of the wage-labour nexus. As western Europe's developed economies continue to age though, returns to labour are perhaps becoming less important to the 'mean average voter'. Rather, for those lucky enough to have benefited from the tremendous inflation in asset prices which has characterized recent years, political considerations are often more strongly shaped by policies that maintain or boost house prices, and protect accrued equity (one thinks, for instance, of the UK stamp duty holiday during the COVID-19 pandemic, which served to inflate demand and sustain house prices).

The alternative argument, therefore, might be that it is precisely the politically 'voiceless' component of migrant labour's demand for housing which renders rent exploitation a potentially sustainable mode of accumulation. So long as there are enough Irish voters already owning property – which, due to historically high levels of owner-occupancy, there currently are – additional demand for housing produces wealth effects which ensure a substantial domestic electoral coalition in favour of Ireland's current model of development. Stability thus resides in the capacity of government to ensure that this coalition of owner-occupiers remains larger (or, at least, more likely to vote) than those structurally excluded from owner-occupancy.

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[1] The French term *régulation* is used throughout to emphasize the distinction with the English language concept of regulation (*réglementation* in French).

[2] Boyer (2005, p. 512) mentions the rent relationship as an accumulation regime, but only references Ominami (1986), who refers to the oil economies of the Middle East. Nölke (2016, p. 145) identifies some interest in the 2nd generation VoC literature toward rent-seeking and state capture, though primarily within 'mixed-market economies' research.

[3] References to Gramsci are drawn from the authoritative Italian text of *The prison notebooks* (Einaudi). Translations are the author's own.

[4] The aircraft leasing sector also has an important distorting effect on the balance of payments (Department of Finance, 2019).

[5] i.e., for every $1 in wages paid to employees in Ireland, foreign-owned MNCs report $8 in pre-tax profits. Tørsløv *et al.* (2018, p. 22) further note that '[t]he profits-to-wage ratio [across all firms] π does not vary much across developed, non-haven countries; for instance it is 31% in the United States, 39% in Sweden, 42% in the United Kingdom'.

[6] The role of transfer pricing is also relevant (Barry & Bergin, 2019, p. 711).

[7] Some of this difference is most likely attributable to the different demographic profile of non-Irish tenants, who are more likely to live with a spouse/partner and children (42 per cent against 28 per cent Irish). Gusciute, Mühlau and Layte (2022) found evidence of outright discrimination in the rental market.

[8] Increased in January 2023 to four times gross income for first-time buyers only.

[9] Based on the median transaction price in Dublin in October 2021 of €402,500 (Department of Finance, 2021), and a current reasonable estimate of household median gross income of between €57,000 and €79,800, based on 2016 census figures for central Dublin (lowest) and Dun Laoghaire-Rathdown (highest) of €47,300 and €66,200 respectively (CSO, 2016), adjusted by average wage growth of 20.5 per cent (CSO, 2022).

[10] Though Jessop (1997b, p. 518) has noted such critiques may be based more on the 'superficial reception' of RT in Anglophone academia, whereas 'second and third generation studies have demonstrated the wide range of ARs that co-existed in Atlantic Fordism's orbit'.

[11] Boyer and Juillard (2002) are very explicit in this attribution, referring to 'Antonio Gramsci's analysis of the integration of the American proletariat'. In the same volume Benko and Lipietz (2002) also refer to Gramsci and acknowledge '*régulation* theory's debt to Italy in general'. Jessop (1997a) describes *Americanism and Fordism* as having 'anticipated the regulation approach'. There has to our knowledge been no prior attempt to contextualize the Fordist epoch itself by actively considering

Gramsci's analysis of the model of development which preceded it, with the partial exception of Jessop (1997a, p. 57).

[12] Marx seems to make a similar point – 'The fact that we now not only call the plantation owners in America capitalists, but that they *are* capitalists, is based on their existence as anomalies within a world market based on free labour' (Marx, 1939).

[13] Ó Gráda and O'Rourke (2022, p. 342) note that Ireland remained 'a striking underperformer during the European "Golden Age"', while Neveling (2020, p. 198) argues that the Shannon EPZ never contributed significantly to employment or foreign exchange earnings.

[14] The relative autonomy of Ireland's policy elite has been noted in different fields, e.g. by Lennon and Waldron (2019) for planning, Ó Riain (2000), Donnelly (2010) and Brazys and Regan (2017) in industrial development.

[15] See O'Hearn (1989) for the case of Ireland as an example of dependent development.

[16] Ó Riain (2016, p. 46) describes the IDA's relationship with MNCs as 'client companies', and the double meaning appears intentional.

[17] Brazys and Regan (2017, p. 416) argue that the Irish state attracts MNCs through 'credible institutional commitments'; creating a domestic workforce could thus be viewed as a credible commitment by MNCs to the state. Tørsløv *et al.* (2018, pp. 32-33) also argue that 'it may be easier for multinationals to shift profits into the countries where they also have sizeable real activity'.

[18] The role of free movement within the EU single market should not be overemphasized: Ireland's relatively permissive labour migration system means that there is also a substantial component of non-EU labour migration.

[19] These measures relate specifically to the government's new housing policy, in which a form of joint equity loan backed by the government is proposed to help first-time buyers bridge the gap between deposit and loan-to-income requirements. The measure in theory contradicts CBI macro-prudential regulations, but the CBI appears to be keeping its counsel on the issue. The author is grateful to Conor Cashman, and his contribution to the panel 'Commodification of Home' at the Sociological Association of Ireland annual conference 2022, for this observation.