

BACKGROUND

HISTORY

More than just about any other city we know, Dublin wears its history on its sleeve. Dubliners themselves are highly passionate scholars of their own history – and we mean their *own* history. Perhaps because it continues to have such a strong bearing on modern life, it's near impossible for any two Irish people to agree on the details of any one historical episode.

However, they'll instantly unite against an outsider's version, and there are great contradictions between Irish and English historical accounts of events that took place here. Take Oliver Cromwell for example. An Irish text would describe him as an English parliamentarian who raped, pillaged and plundered his way through Ireland – a complete and utter bastard. If you picked up an English history book on the other hand you might learn that Cromwell defeated the Royalists in the English Civil War and apparently used to holiday in Ireland.

On your travels, you will surely hear different spins on the same subjects, and bear in mind that *everybody* has a bias – some are just cleverer at hiding it than others. See if you can spot ours.

THE RECENT PAST

The public at large only got wind of it in October 2008, just after the collapse of Lehman Brothers and the onset of the global financial crisis. But within a matter of days it was all Dubliners could talk about: the dramatic bursting of the property bubble that had kept the economy artificially afloat and Dubliners living the high life for the last five years. A city that had become so comfortable with conspicuous consumption suddenly had to adjust to a new reality, and many Dubliners who had bought houses during the boom were now sitting in a ticking time bomb of negative equity. Needless to say, the city is mightily pissed off at politicians, bankers and other commentators who encouraged them to borrow, spend and fritter because, hey, that's what'll make the economy grow! Want to watch a Dubliner lose their temper? Ask them about bankers and the government.

The future remains uncertain. 'Looking for the green shoots of recovery' was the hackneyed catchphrase of 2010, as Dublin looked to economic forces they can't predict or readily understand to restore a semblance of comfort to a city that got pretty used to easy street over the last decade. In the meantime, the 'brain drain' that was such a feature of life in the city before the boom has once again began bleeding Dublin of some of its brightest young minds – experts have predicted that 100,000 young people will have emigrated in 2010–11, the majority of them from or around Dublin.

But Dubliners are guardedly optimistic, especially those of a certain vintage, who recognise that everything happens in cycles. They can't take as many holidays, or explore the menus of as many restaurants, and that '06 car will have to do for another few years more, but so long as they have a job to go to and interest rates don't make their mortgage prohibitively expensive, they've something to get up for in the morning and blow off steam about in the pub of a weekend evening.

10,000–8000 BC

Human beings arrive in Ireland during the mesolithic era, originally crossing a land bridge between Scotland and Ireland and later the sea in hide-covered boats.

AD 431–432

Pope Celestine I sends Bishop Palladius to Ireland to minister to those 'already believing in Christ'; St Patrick arrives the following year to continue the mission.

917

Plundering Vikings take a break from attacking monasteries, raping and pillaging to establish a new settlement at the mouth of the harbour and call it 'Dyfflin', which soon becomes a centre of economic power. They begin making alliances with some Irish kings.

FROM THE BEGINNING

Early Footprints & Celtic Highways

Stone Age farmers who arrived in Ireland between 10,000 and 8000 BC provided the country's genetic stock and lay the foundations of its agricultural economy. During the following Bronze

FROM BOOM TO BUST

In a few short months between 2008–09, Gross National Product (GNP) fell by 17%, the swiftest and deepest contraction by a Western economy since the Great Depression. The collapse was both shocking and traumatic: yes, the global economic crisis was the catalyst, but Ireland was especially susceptible to the downturn because for the previous five years, its economy got high on the fumes of a boom that was, in essence, little more than hot air.

The bubble was created by a construction boom, which saw investment in housing as a percentage of GNP rise from around 6% in 1996 to almost 15% in 2006 as the Irish got into the business of selling houses to one another. This was a practice made easy by the banks, who were lending money to literally anybody that wanted it because they were availing of the vast amounts of cheap credit generated by the out-of-control derivatives market. The problem was an international one, but while other Western economies also saw a rapid rise in bank lending, Irish lending was twice the Western average – almost 200% of GDP, with a massive chunk of that to dangerously over-exposed property developers. These were staggering numbers, everyone agreed, but they were also unsustainable, but it seemed *nobody* wanted to hear that.

The Irish property market got its first major warning in 2007, when demand for residential housing finally began to recede in the face of high prices and over-saturation, but it wasn't until the end of 2008 – after Lehmann Brothers and the other giants of finance went to the wall – that the credit lines shrivelled up and the banks' massive exposure to the developers threw the whole economy into turmoil.

A bank bailout in October 2008 stopped the banking system from collapsing; the government's solution to this economic tsunami has been to create the National Asset Management Authority (NAMA), basically a government-owned 'bad bank'. NAMA has bought all of the nonperforming property loans held by the six main Irish banks at a discount of 47% on the original book value of the loans. The aim is that by assuming all of this bad debt, it will free up the banks' own loan books and allow them to start lending again and thus stimulate the stagnant economy. Once the economy is back in business, NAMA will then collect on the loans from the original debtors at market value, which supporters argue will be roughly what it was when the loans were taken out in the first place.

Critics of NAMA – and there have been many – argue that property values will never reach the inflated values of the early part of the millennium, thereby leaving NAMA – and by extension, the taxpayer – with the burden of these toxic loans and a repayment schedule that will take generations to pay off. Most of these bad loans were held by Anglo-Irish Bank, an institution that dealt almost exclusively with property developers; Anglo and its former CEO, Sean Fitzpatrick, have become the personification of all that is wrong with the Irish economy, and are easy hate figures for a frustrated city that, for the most part, doesn't understand the ins and outs of NAMA but are painfully aware that in the end it'll cost them money they can ill-afford. In 2010, NAMA and all its convoluted theories was the main topic of debate among Dubliners, so it pays to inform yourself of at least the basics!

What of the future? It's impossible to get economists to agree, but very few are overly optimistic, at least for the foreseeable future. Still, in mid-2010, the Economic and Social Research Institute (ESRI) in Dublin predicted that there would be a 2.8% rise in GDP in 2011 (following a drop of 0.5% in 2010) and unemployment numbers, which had topped 15% in 2010 (during the boom it was 3.5%), wouldn't increase so propitiously. It is undeniable that Ireland is in an economic mess. The Nobel Prize-winning economist Paul Krugman reckons that it'll take the country up to 10 years to get out of this economic hole. The Celtic Tiger is truly dead: what now, pussycat?

988

High King Mael Seachlainn II leads the initial Irish conquest of Dyfflin, giving the settlement its modern name in Irish – Baile Átha Cliath, meaning 'Town at the Hurdle Ford'.

1169

Henry II's Welsh and Norman barons quickly capture Waterford and Wexford with the help of Dermot MacMurrough (King of Leinster). Although no one knew it at the time, this was the beginning of an 750-year occupation of Ireland by Britain.

1170

Strongbow captures Dublin and then takes Aoife, MacMurrough's daughter, as his wife before being crowned King of Leinster. The marriage is the subject of a famous painting by Daniel Maclise that can be viewed in the National Gallery (p82).