



The Daily Dish

Flaithúlach

DOUGLAS HOLTZ-EAKIN | NOVEMBER 5, 2024

Flaithúlach (pronounced “fla-hoo-lock”) is the Irish word for lavish excesses. The *Financial Times* has had a series of recent articles on the collision of budget surpluses and flaithúlach in Ireland. This most [recent](#) caught Eakinomics’ eye because the issues were reminiscent of problems in the United States (except for the budget surpluses). (See also [The Economist’s](#) take on the sea of surplus.)

Consider the long delays in permitting, slow construction, and cost overruns. “Nine years after planning permission was lodged for a new national children’s hospital in Dublin, the facility has yet to open and its cost has more than tripled to €2.2bn, more than the \$1.5bn cost of the 163-floor, Burj Khalifa skyscraper built in 2010 in Dubai (even after adjusting for inflation).” Sound familiar?

Of course, the legislators’ projects get done. “Meanwhile — despite struggling to meet the housing, energy, water and transport needs of its fast-growing population and economy — the government built a €335,000 open-sided shelter for 18 bikes at Ireland’s parliament and a €1.4mn security entrance to government buildings.” Sound familiar?

Consider legislative meddling in airline travel. “Dublin airport, the country’s main gateway, is being forced to slash seat availability — costing the economy millions — as it awaits a decision on loosening what it calls an ‘[outdated](#)’ cap on passenger numbers.” [Sound familiar?](#)

How about an affordable housing crisis? “[T]he country is so deep into a housing supply crisis that the central bank estimates it needs to build 52,000 homes a year, every year, for the next quarter of a century, just to keep up with demand — about a 50 per cent increase on this year’s official target.” Sound familiar?

Wait! There is something fishy about that last one. What is an “official target” for housing units? It is evidence that Ireland has turned in the wrong direction for solutions to its vexing problems: centralized government planning, funding, and management. At this pivotal moment in the 21st century, the United States should avoid further drift in this direction.

The heavy dose of federal regulation during the Obama era was a perhaps-understandable overreaction to the financial crisis and Great Recession. But the sharp swing to industrial policy and centralized economic decision-making embodied in the Inflation Reduction Act and CHIPS and Science Act will generate lots of wasted dollars and little economic advance.

The federal government needs to clean up its budgetary flaithúlach, for sure. But it needs to rein in its economic power flaithúlach, as well.