

Comments on “The Irish Crisis and the EU from a Distance” by Barry Eichengreen

Alan Ahearne

National University of Ireland, Galway

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NUI Galway
OÉ Gaillimh

School of Business & Economics

“If you are not a part of the solution, you are a part of the problem.”

— Eldridge Cleaver

Irish Government Long-Term Bond Yields (%)



Effects of European policies on Ireland's market access

- Contributed to loss of market access:
 - Inadequate external surveillance.
 - Blanket Guarantee made in Dublin not Brussels/Frankfurt, but where were EU-wide resolution mechanisms?
 - Double-dip recession in the euro area.
 - Deauville agreement.
 - Signals of ECB's discomfort with growing ELA.
 - Bailout of senior bondholders.



Fiscal stance during the boom

		2006		2007	
		Seen then	Seen now	Seen then	Seen now
	Output gap	0.4		0.2	
	Structural Budget	2.7		0.7	



Benefits of hindsight

		2006		2007	
		Seen then	Seen now	Seen then	Seen now
	Output gap	0.4	3.3	0.2	6.5
	Structural Budget	2.7	-4.2	0.7	-8.7



Effects of European policies on Ireland's market access

- Contributed to regaining market access.
 - *“The EFSF lending rates and maturities we agreed upon for Greece will be applied also for Portugal and Ireland.”*
 - EU Council Statement, July 2011
 - OMT.
 - Promissory note deal.
 - Banking Union.



Thank you for your attention



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