

InterTradeIreland  
Economic Forum 2010

# Shaping Recovery

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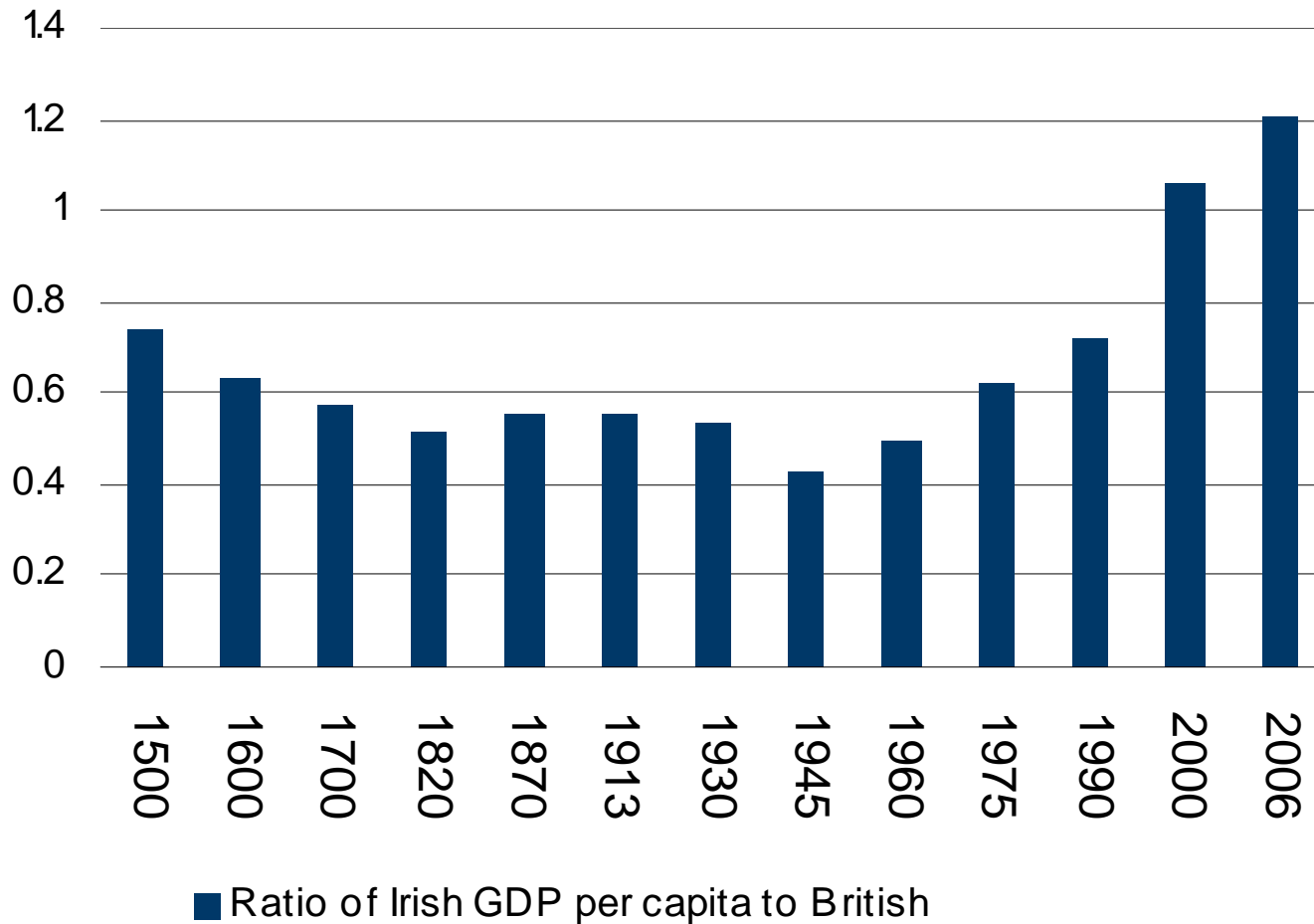
InterTrade Ireland

Belfast, 28<sup>th</sup> April

Michael O'Sullivan

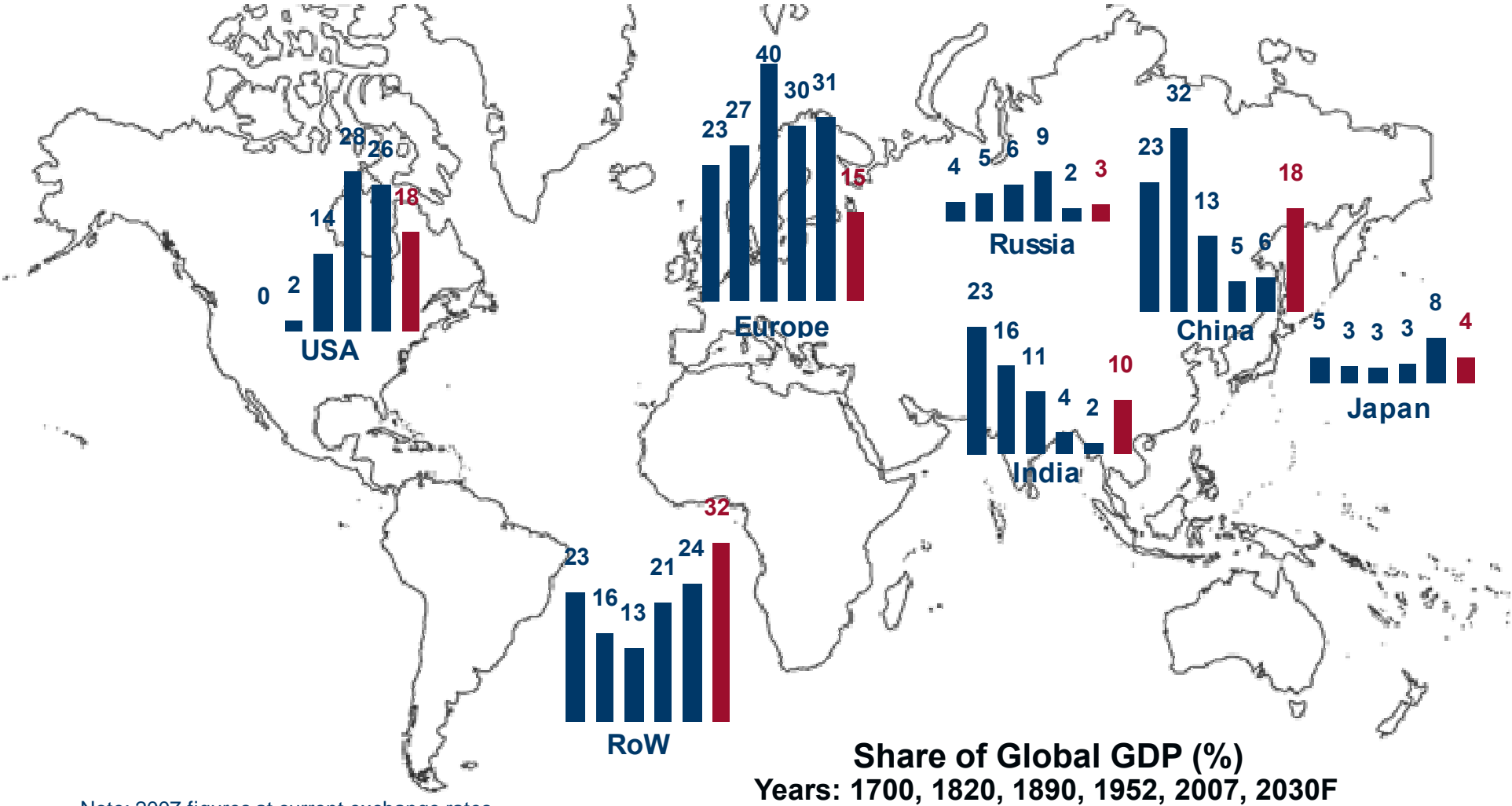
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# Ireland and the Global Question . a great leap forward



Source: Angus Maddison

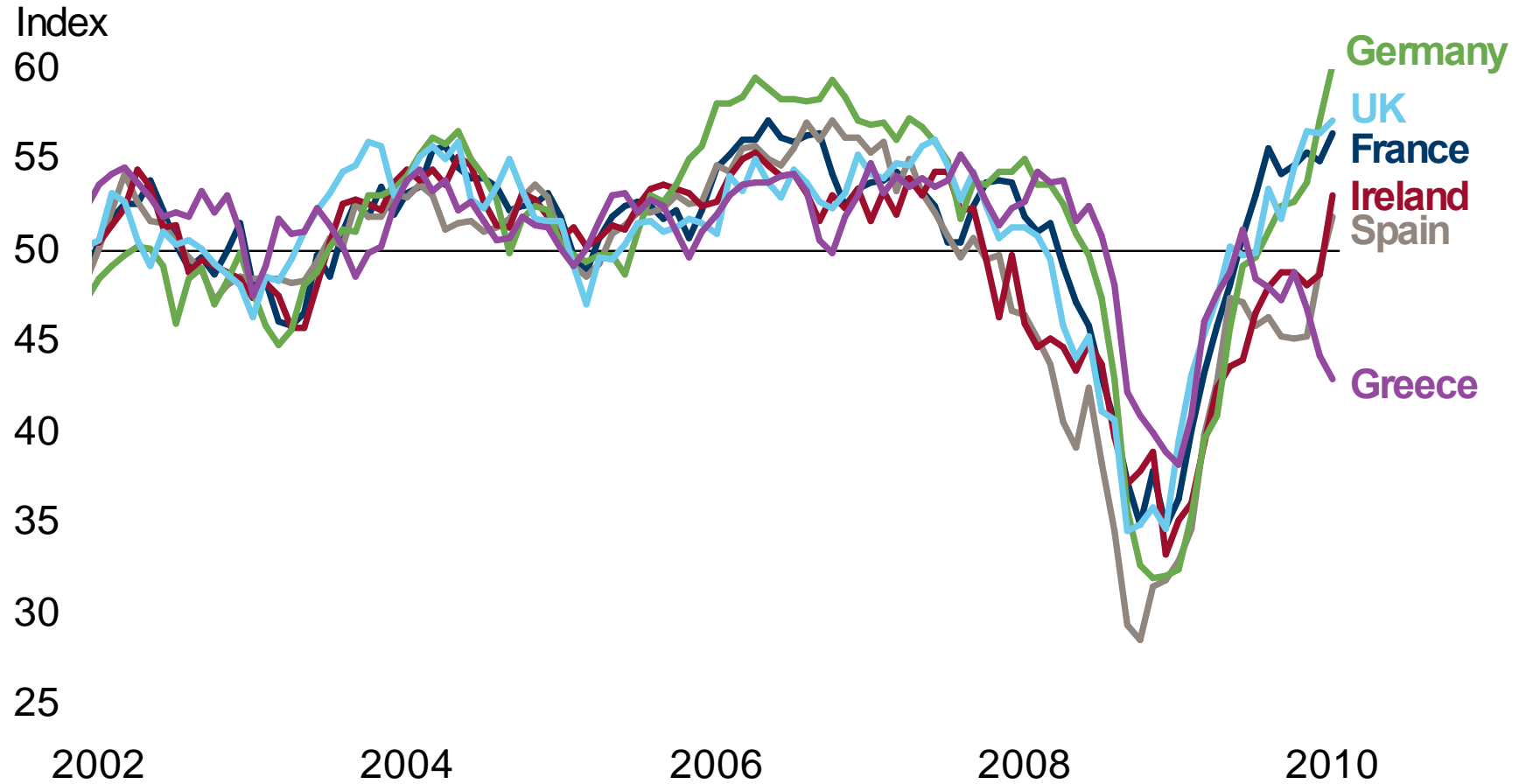
# The World Economy . 1700 to 2030



Note: 2007 figures at current exchange rates

Source: Angus Maddison, IMF, Credit Suisse

# Decoupling euro style

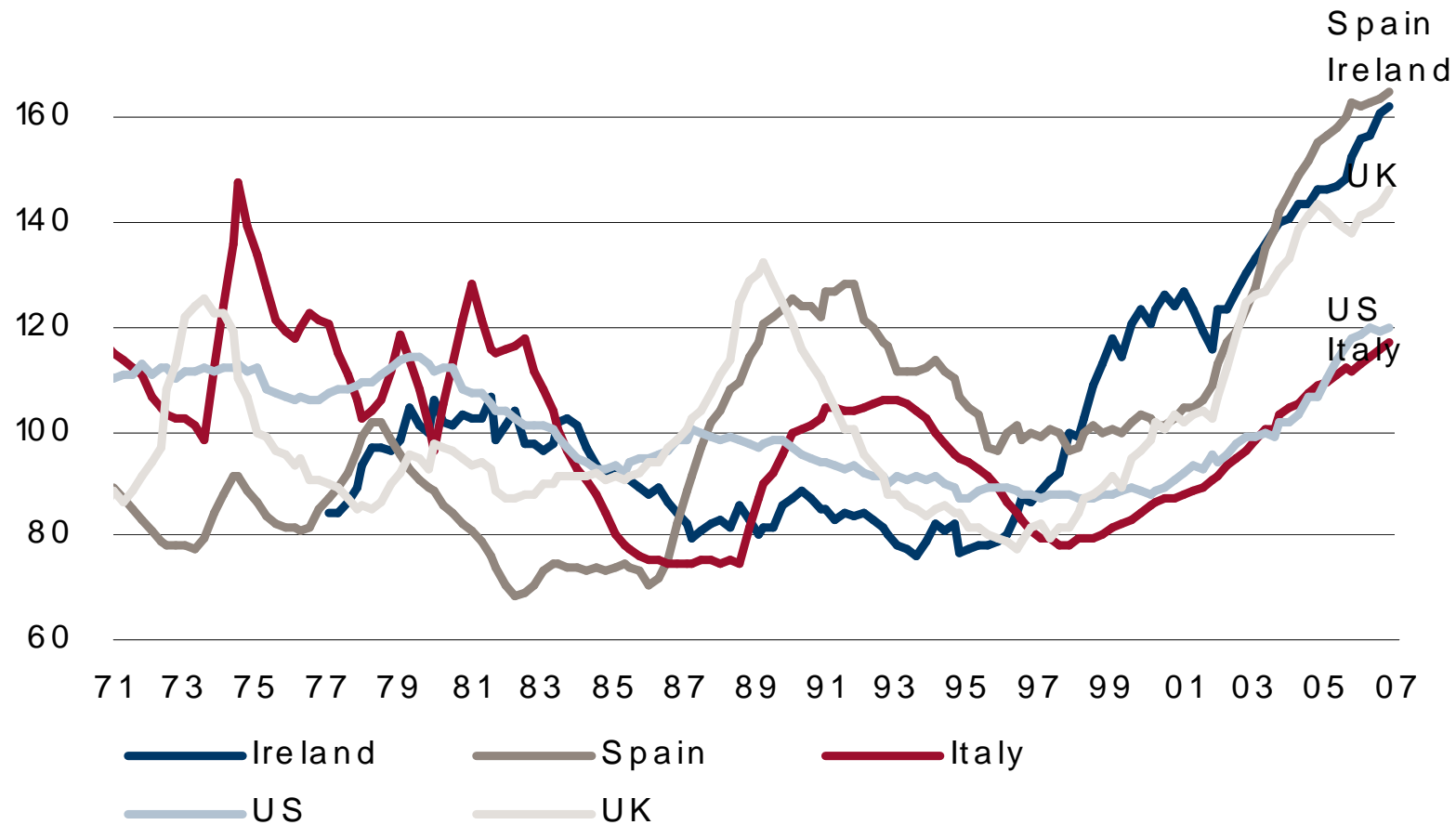


Source: Datastream, Credit Suisse

# Purchasing Managers' indices

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# Excess leverage always creates pain



House price to income, rel. to long-term averages

Source: Bloomberg, Credit Suisse / IDC

What did we do wrong? . the ghost of John Law

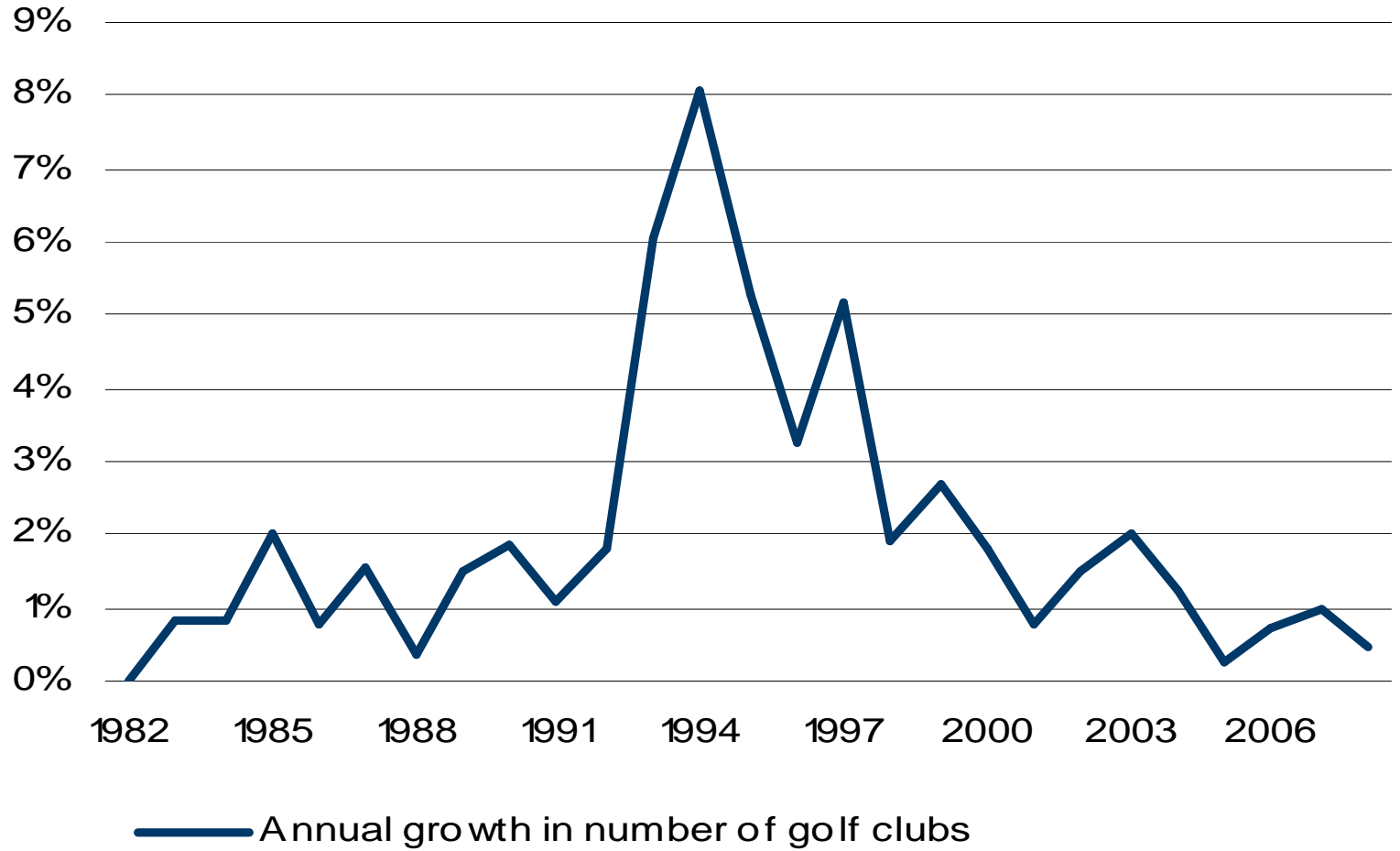
“ the new rich serving soup in a church offertory basin, sugar being dispensed from an incense burner and salt from chalices'

“ the worst about the Irish is that they become corruptible as soon as they stop being peasants and turn bourgeois.

Friedrich Engels

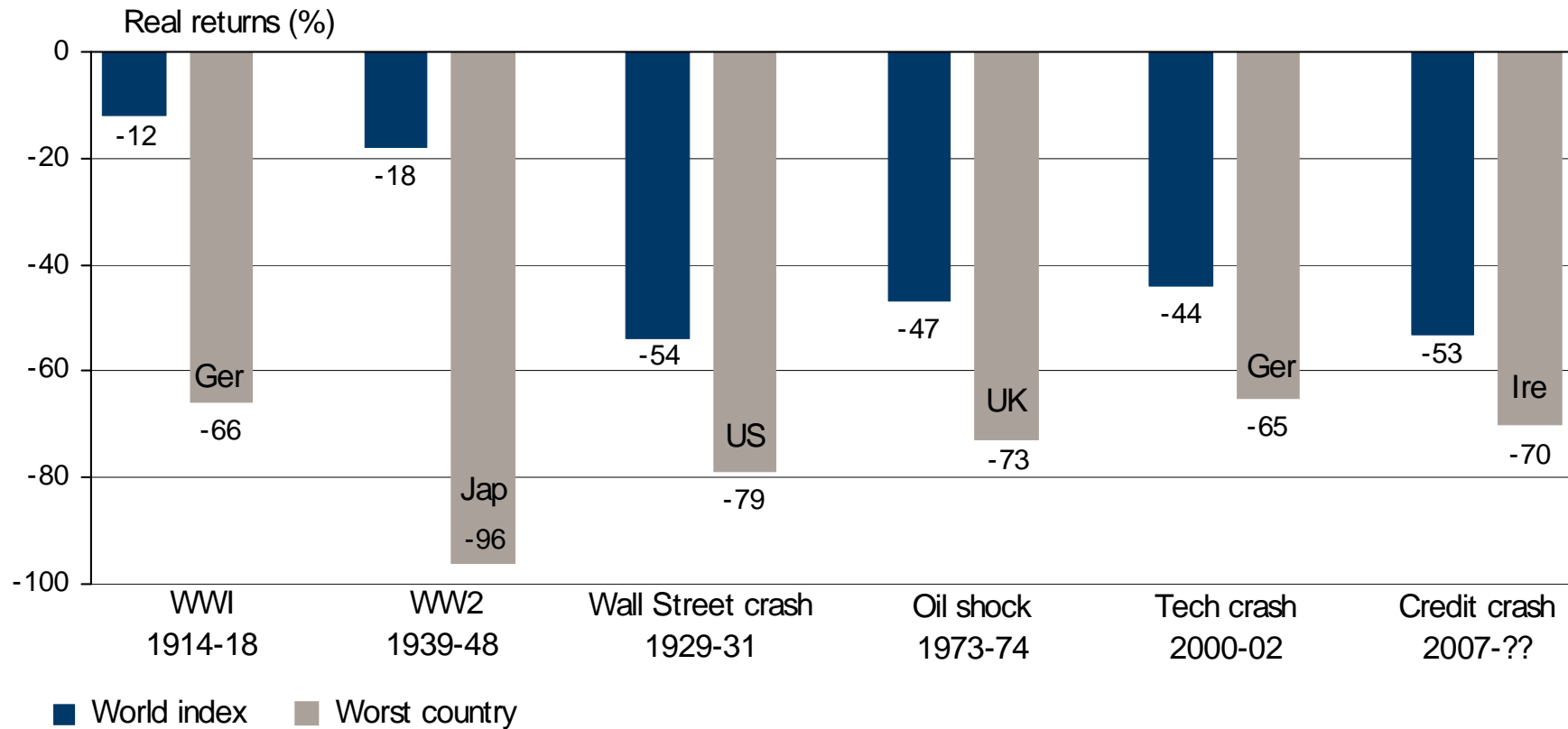
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# Bubble appears in Irish golf club growth



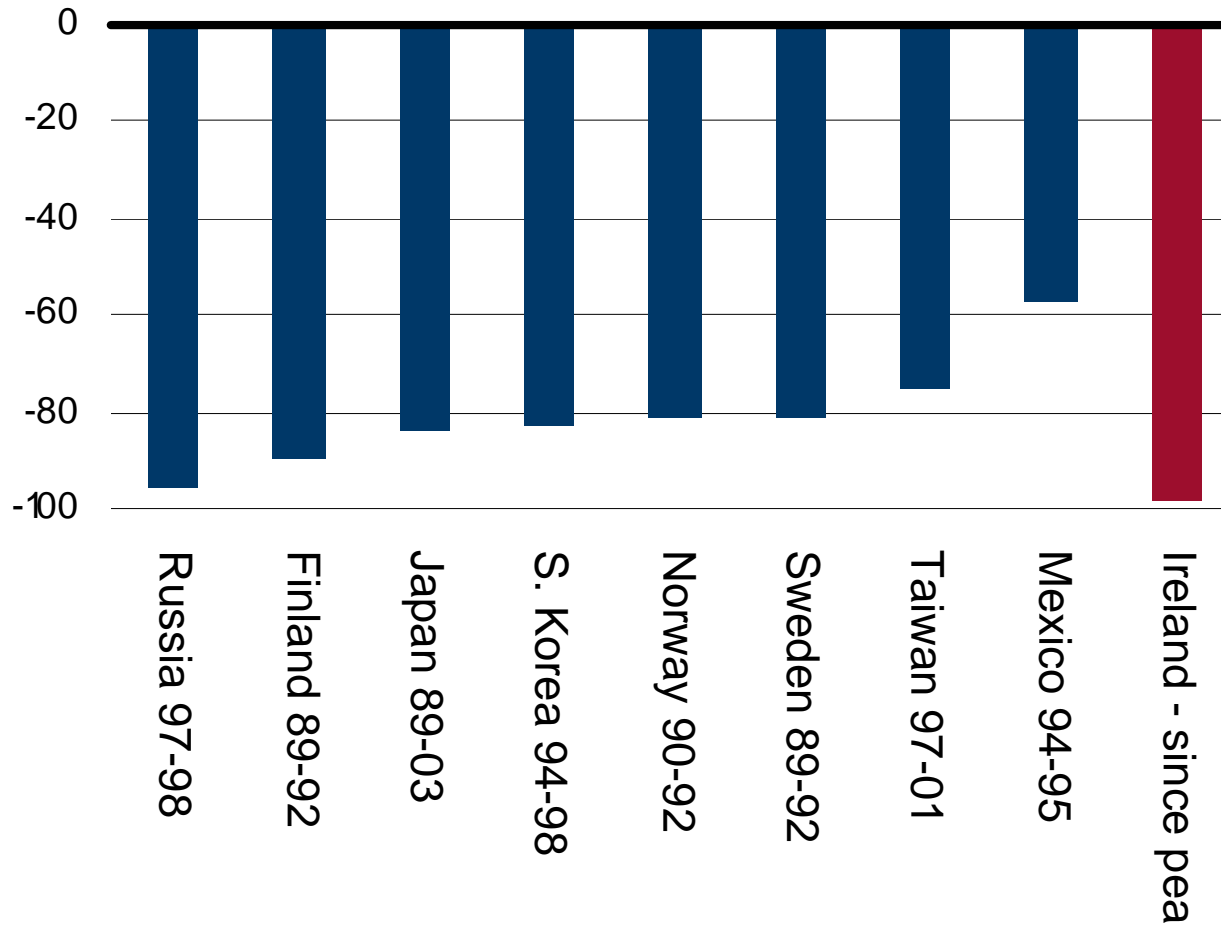
Source: GUI

# How bad have things been comparatively?



Source: Dimson, Marsh & Staunton

# Casino economies . banks and market crises



Source: DataStream, Credit Suisse

What did we do right?



# What did we do right?

“Intangible Infrastructure

“ 'Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things' . Adam Smith

“Now achieved some critical mass

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Challenges . UK and Ireland have never had more in common

“ Indebtedness

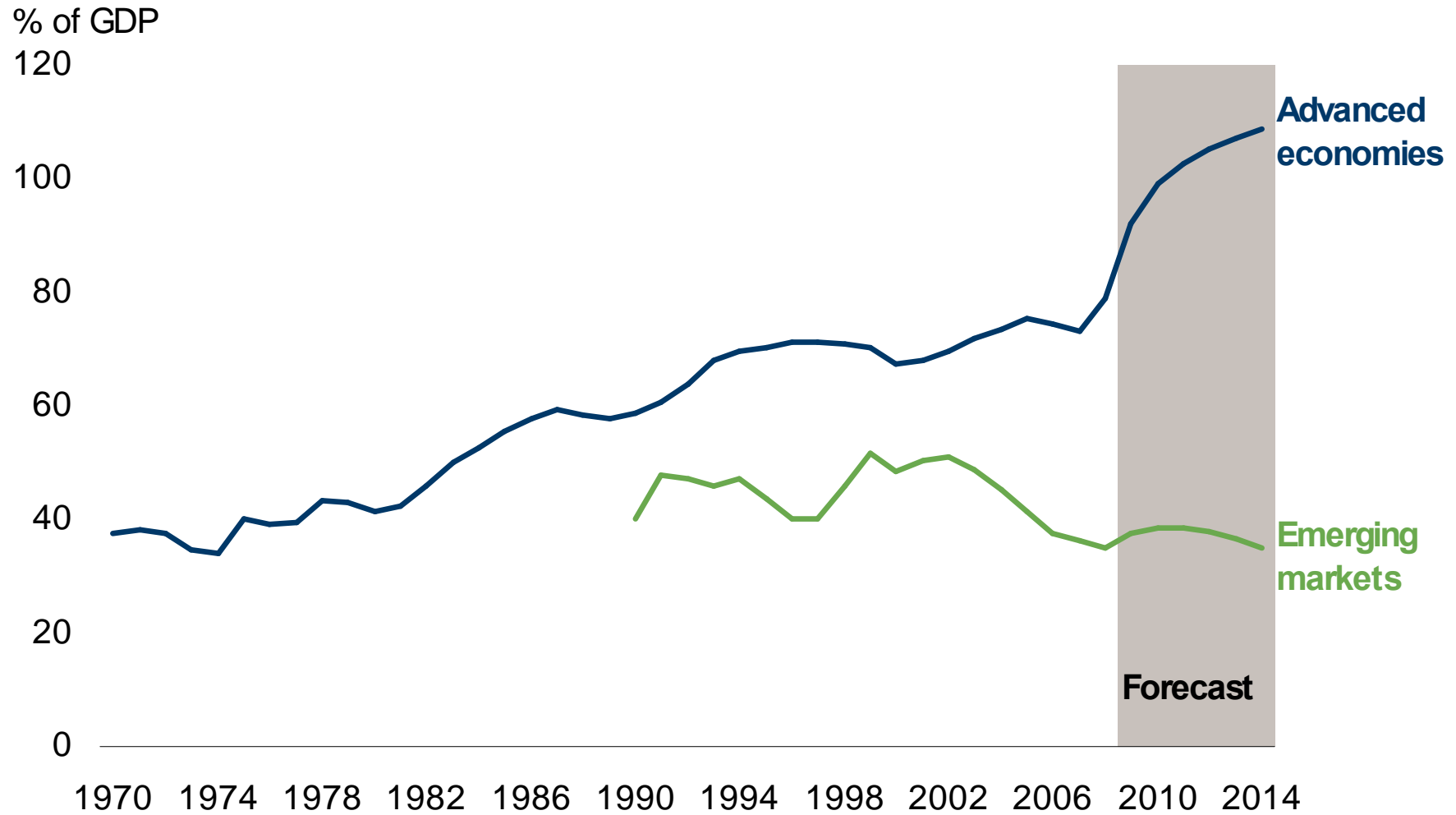
“ The need to move from a consumption based to investment based economy

“ Where do they fit in to the European economic framework?

“ Reform

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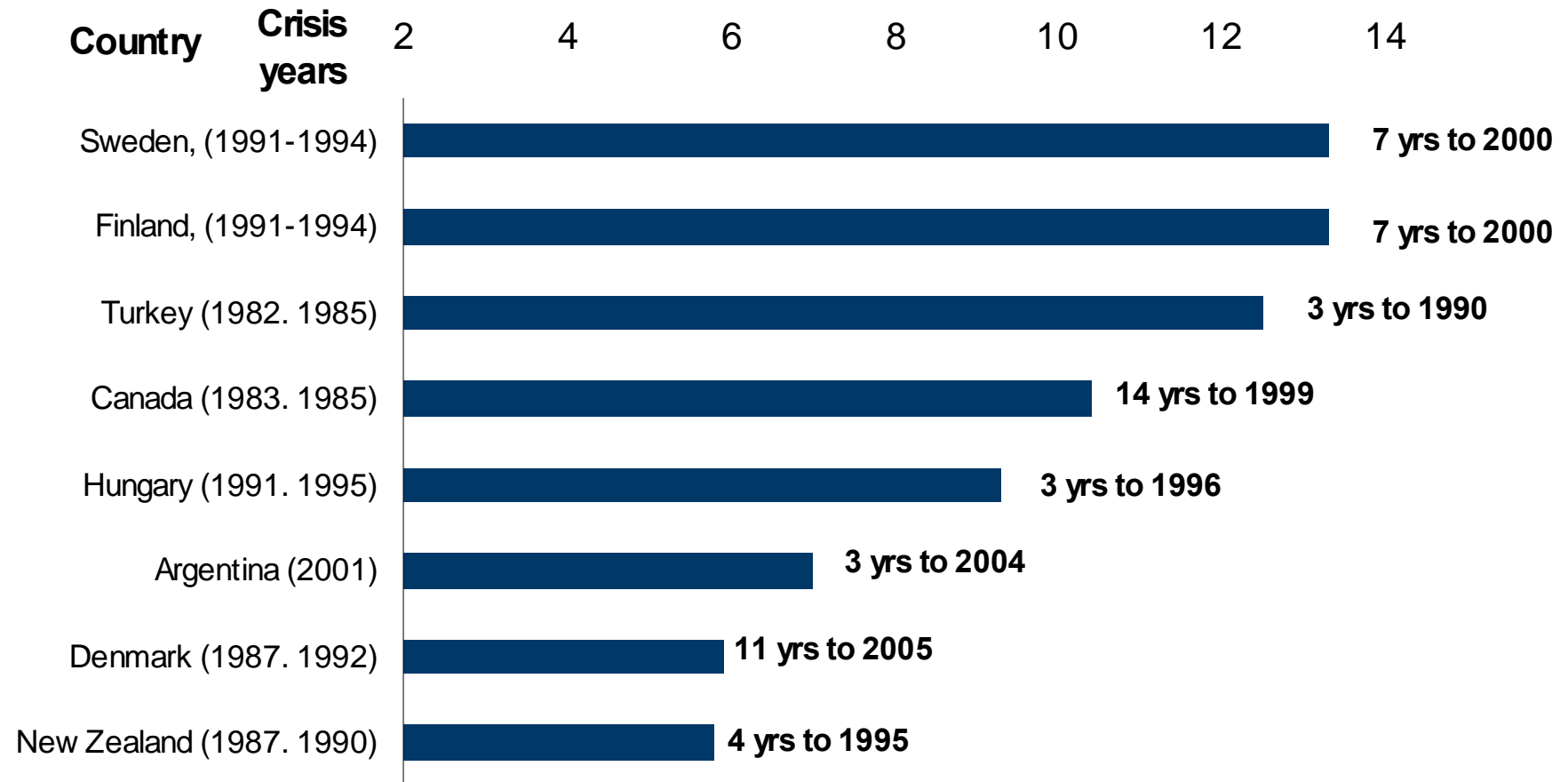
# Rich world, poor world



Source: Velde (2003), Murphy (1999).

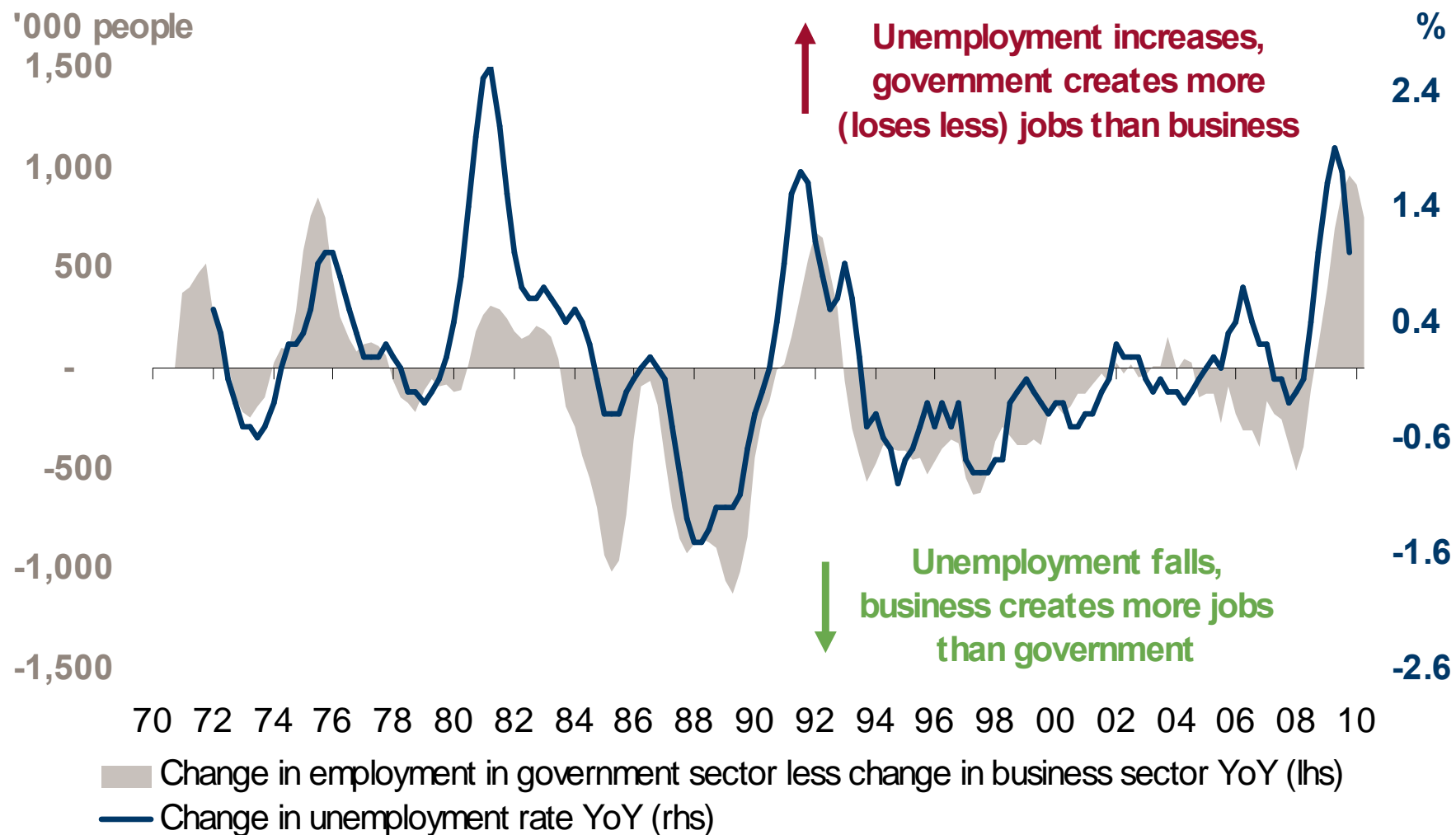
# Fiscal consolidation often follows banking crises

Cumulative change in cyclically adjusted primary balance in % of GDP by country and length of fiscal consolidation



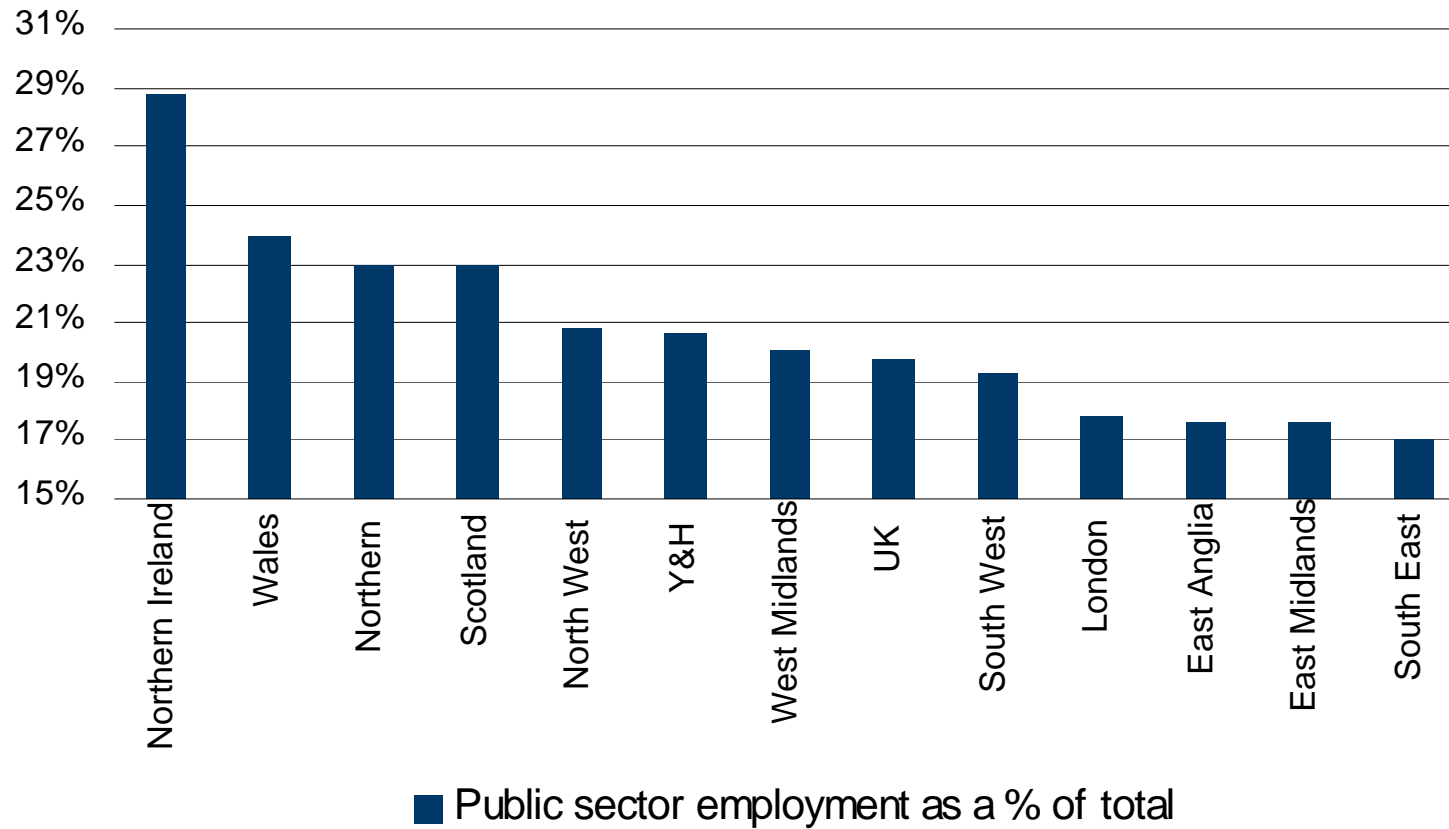
Source: Reinhart & Rogoff, IMF, Credit Suisse

# UK changes in unemployment



Source: OECD, Datastream, Credit Suisse

# Public sector employment as a % of all employment in region



# Rebuilding Ireland and its institutions

- “ We need more strategy and less tactics in order to buffer globalization, more technocracy
  - “ Re-engineer most of our institutions (though who will do this?)
  - “ Le Grand Méchant Marché
  - “ Boston, Berlin or Beijing . or just Birmingham
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