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Merkel plans to consider repatriation of EU powers

Angela Merkel has become the latest EU leader to raise the prospect of shifting powers from Brussels back to national governments. *"I believe that in Europe at the moment we have to take care to co-ordinate our competitiveness more closely,"* she said. But she added: *"We don't have to do everything in Brussels. We can also consider whether we can give something back. And we will also have this discussion after the Bundestag elections"*—so we have to wait and see if it's just electioneering!

Merkel passes on the message!

Merkel's intervention, which came as she bids for a third term as Chancellor in September, is likely to encourage other EU countries that hope to repatriate powers to the national level and opens the door to the Irish government to set out its stall—if it had one.

The British government has published the first batch of reports on EU powers, as part of its "balance of competences" review. David Cameron's government has said it will assess the role and extent of EU law-making before renegotiating the terms of Britain's EU membership and a referendum on membership planned for 2017.

The Dutch prime minister, Mark Rutte, a crucial Merkel ally among EU leaders, has also expressed a desire to rein in the scope of EU law-making. In a letter to the Dutch parliament in June, Rutte's government, composed of his own Liberal Party and the centre-left Labour Party, claimed that the era of pursuing "ever-closer union" is over. He has also floated the possibility of creating a legal mechanism for countries leaving the euro zone.

That Merkel has for the first time floated the possibility of returning some powers to member-states proves that there is a window of opportunity for EU reform and repatriation of powers, one that the Irish government should fully support.

"'More Europe' can mean not only transferring competences from national states to Europe," she said, "but you can also have 'more Europe' by co-ordinating national political actions more intensively and rigorously with others. So we discuss if we need even more competences for Europe.

"However, we can also consider whether we can give something back. The Dutch are at present discussing this. And we will also have this discussion after the Bundestag elections. Or we can give more competences to the Commission in order to set agreements on specific issues with national states."

Danish opposition agrees to referendum on opt-outs

When voters go to the polls next May to elect Denmark's thirteen members of the EU Parliament they may also be asked in a referendum to delete two EU treaty opt-outs and to approve the country's participation in the EU patent court.

The leader of the Liberal Party, Lars Lokke Rasmussen, has proposed that the country should remove opt-outs on co-operation in defence and justice that were introduced almost twenty years ago. A third reservation on adopting the euro is not to be touched for the present.

"The time has come when we must do away with these reservations," Rasmussen said. *"The negative effects of, in particular, the justice opt-out is so urgent that it would be irresponsible to continue to push it ahead. The prerequisite is that you have broad support in the Danish parliament, and this is exactly what I am now offering."*

The present government had planned to hold a referendum on abolishing the defence and justice opt-outs, but the prime minister, Helle Thorning-Schmidt, backed down on this commitment in June 2012, citing the general "anxiety and uncertainty" surrounding the EU project at the time.

Denmark obtained four opt-outs from the Maastricht Treaty in 1992. They are outlined in the so-called Edinburgh Agreement and concern economic and monetary union, common security and defence policy, justice and home affairs, and citizenship of the European Union. Following the opt-outs, the Danish people accepted the treaty in a second referendum held in 1993.

Signing up to the EU patent court is a separate issue and would also imply a loss of national sovereignty, Denmark's justice ministry concluded earlier this year. The country needs a five-sixths parliamentary majority to approve the court or approval by referendum in order to join.

But, despite a large backing in the parliament for removing some of the opt-outs, people may vote differently. A survey by the Danish Analyseinstitut earlier this year showed there is still a large majority (62 per cent) against the euro and that only 39 per cent want Denmark to join EU justice policies.

The defence opt-out is the exception, with 55 per cent happy to scrap the measure. But Denmark was among the founding members of NATO, and its secretary-general is a former Danish prime minister, Anders Fogh Rasmussen. The country also has mandatory military service for all able men between the ages of eighteen and twenty-seven, who can be called upon for service until their fiftieth birthday.

That banking inquiry!

There have been muted calls over the summer for a banking inquiry. Those who are really serious about getting at the truth should begin by looking again at the Regling-Watson report on the banking crisis from three years ago.

Regling and Watson were forced to acknowledge that *"in a monetary union, the challenge for policies becomes even greater as monetary conditions cannot be influenced directly and the (nominal) exchange rate is no longer a policy instru‡ment"* (p. 23).

But the authorities seemed to think that when they took the country into the euro zone in 1999—having made the decision with the minimum of public debate—they had nothing more to worry about.

But Regling and Watson also posed the obvious question (p. 24): *"Was it a coincidence that Ireland's economic fundamentals began to deteriorate when Ireland joined the euro area?"* And again they were forced to acknowledge that *"certain aspects of EMU membership certainly reinforced vulnerabilities in the economy. Short term interest rates fell by two thirds from the early and mid-90s to the period 2002–07. Long term interest rates halved. Real interest rates were negative from 1999 to 2005 after having been strongly positive earlier.*

"This contributed to the credit boom, the strong increase in household debt, the property bubble and the general overheating of the economy. The removal of exchange rate risk facilitated foreign funding, including for the growing current account deficits. This financing ease meant that Ireland's boom could continue for longer than without EMU membership, and the asset bubble could become bigger."

As the report shows, after Ireland joined economic and monetary union *"other policy instruments—such as fiscal policy, bank regulation, income policy—were not used to offset the well known expansionary effects of EMU membership on the macro-economic environment or even fuelled the fire, in particular, tax policies."*

In the light of what happened, this remains a devastating indictment of the Department of Finance, which is the principal source of economic advice to the Government. Yet some three years later senior officials in the same department, together with their colleagues in the Department of Foreign Affairs, have managed to avoid any serious critical public examination of that advice, the processes by which it was translated into policy, or whether there should be consequences for those involved.

Such an inquiry should further examine the part played in our present crisis by the adoption of the euro and with it the abolition of national control of either interest rates or the exchange rate before we are manipulated into further banking, fiscal, economic and political "unions."

EU looks to drones for expanded surveillance

The EU border agency, Frontex, based in Warsaw, co-ordinates member-states' border police patrols on the EU's external frontiers. Now the agency plans to expand its surveillance operations beyond the EU to develop a so-called "common pre-frontier intelligence picture."

"Frontex is due to arrange the delivery and the production of additional surveillance data from an area that is beyond the border," said its executive director, Ilkka Laitinen. "Typically we are talking about international borders or some further areas." He noted that traditional surveillance methods rely on patrols and manned aircraft, pointing out that, "technologically speaking, it [drones] seems to be a reliable and cost-effective means for surveillance."

Part of Frontex's job is to help steer the research and development of surveillance technology by working with industry consortiums in such areas as "remotely piloted aircraft systems."

The drone industry is dominated by the American and Israeli aeronautics industries; but we also have a home-grown producer: Versadrones, of Skibbereen, Co. Cork. Versadrones is approved by the Irish Aviation Authority for operating its entire drone range in Irish air space. The company says it produces a range of unmanned aerial vehicles, suitable for a broad range of aerial applications.

The EU Commission has said in a recent working document that European companies are lagging behind in a market that could earn billions. "Our experience with the co-operation with industry is very positive: they have a lot of good ideas and they brought many new innovations," Laitinen said. "They innovate to a certain extent. They have been able to make border guards think [about] things in a new way."

Large firms in the EU aviation market, such as Dassault, Thales, and BAE Systems, say that remotely piloted aircraft systems, which can serve both military and civilian purposes, could generate €4.6 billion in profits annually. Other companies, such as the Swedish firm Saab, which hosted a seminar on external borders in Brussels in November, is also involved in developing coastal and border security equipment. Its portfolio includes watch-towers, drones, early-warning control systems, and naval and ground-based radars.

The PSNI purchased three unarmed drones this year, at a cost €1.8 million. Speaking at a press briefing, Assistant Chief Constable Alistair Finlay said he preferred not to refer to them as drones. "We've tried to take the 'drone' term out of the description, because it has a particular resonance with some of the other methods of delivering armaments, and we've seen that in Middle Eastern conflicts," he said.

Meanwhile Norway has banned Apple Inc. from taking aerial three-dimensional photographs of the capital city, Oslo, because of concerns over access to detailed views of government buildings. Apple runs a fleet of drones and has already mapped such cities as London, Paris, Rome, Stockholm, and Copenhagen.

Lisbon again!

EU-wide public prosecutor to launch own investigations

The EU Commission has published a plan for a European Public Prosecutor's Office (EPPO) as part of efforts to clamp down on fraud committed against the EU budget.

"The European Commission is delivering on its promise to apply a zero tolerance policy towards fraud against the EU budget," said the EU commissioner for justice, Viviane Reding. The office will have the power to conduct, prosecute and bring to justice its own EU-wide criminal investigations, in co-ordination with member-states' authorities, against people suspected of defrauding the EU.

And, unlike any other EU law and justice agency, the EPPO will also have the power to order member-states' law enforcement authorities to launch an investigation into suspected frauds. Reding noted that prosecutors in some member-states are overburdened with other cases, and tend not to view crimes against the EU budget as a priority.

"The establishment of such an office does not come out of the blue," Reding said, as the Lisbon Treaty had provided for the setting up of such an office. She described the EPPO as a decentralised structure, integrated in national judicial systems.

The delegated prosecutors will carry out the investigations and prosecutions in member-states, using national staff and applying national law. "They will be national prosecutors and part of the European Public Prosecutor's Office," said Reding. Wire-tapping, searching premises, seizing computers or freezing assets will require a court order, with national courts able to challenge the EPPO's investigative methods. The EU agency Eurojust will provide infrastructure, finance, and human resources. The EU's anti-fraud office, OLAF, which is to be stripped of its budget surveillance powers, will provide the staff.

"I know from a long discussion with many colleagues and ministers of justice that there are more than the nine [member-states] required by the treaty who would like to go ahead," Reding said.

Denmark opted out of the EPPO, and Ireland can voluntarily opt in at a later date, according to the Lisbon Treaty rules. Britain has already stated that it does not want to participate.

Official negotiations with member-states begin in the autumn, with the Commission hoping the office will be operational by the beginning of 2015.

The cat's out of the bag!

A month before the general election in Germany the minister of finance, Wolfgang Schäuble, has broken the taboo by admitting that Greece will need a third bail-out when the present one runs out in 2014. "There will have to be another programme in Greece," he said during an election rally.

As part of a new scheme he mentioned another lowering of the interest rates on the loans the euro zone has given to Greece. "They are not out of the woods yet," he said.

Given the acquiescence of the Irish government, he didn't even bother to mention this country.

So far the German government has steered clear of admitting that the present bail-out, worth €130 billion, will not be sufficient.

Angela Merkel, who is seeking re-election in September, has meanwhile struck a more cautious tone. "We always said that we will have to reassess the situation of Greece at the end of 2014 or beginning of 2015. It is wise to stick to this calendar," she said.

Earlier this year Germany's insistence on not dealing with a funding gap of almost €10 billion for 2015/16 delayed the negotiations on the second bail-out for Greece, as the International Monetary Fund was reluctant to agree to a programme that does not solve the country's financial problems once and for all.

The IMF was insisting at the time that EU governments should also take a cut on their loans to Greece, in order to lower the country's debt—a concession not offered to Ireland.

But Schäuble has again ruled out another debt restructuring for Greece, after private creditors agreed to lose more than half their money on Greek bonds as part of the second bail-out, a precedent that must give Michael Noonan considerable leverage when it comes to Ireland's second bail-out.

German Greens lay it on the line

Germany's opposition Green Party has said it was a mistake not to force Ireland to raise its corporate tax rate as part of its EU-IMF bail-out programme.

Jürgen Trittin, the party's leading candidate in next month's general election, said he supported the demand by the Social-Democratic Party for harmonising corporate tax structures at the EU level to close tax-avoidance loopholes for Google, Apple, and other trans-national concerns with a base in Ireland.

"I think it was right to force Cyprus to raise its corporate tax rate, and I don't think it was smart to do without this in the case of Ireland," said Trittin, who is a potential minister of foreign affairs or finance in the next German government. Greater co-ordination of tax laws and structures was desirable, he said, to "end tax dumping via holdings and foundations and other structures."

Social-Democratic leaders have promised, if elected, to demand changes to corporate tax regimes in Europe as a condition of further German assistance to crisis-hit EU countries. Strategists say that drawing attention to the corporate tax issue is not an attempt to single out Ireland but to challenge Angela Merkel's efforts to keep the EU and the euro crisis off the election agenda.

Ireland's debt-to-GDP ratio surges

Newly released data shows that debt in the euro zone reached a record 92 per cent of gross domestic product at the end of the first quarter of this year. Germany and Estonia were the only countries whose debt levels fell, while five countries now have a debt of more than 100 per cent of GDP.

Ireland's government debt, as a proportion of the value of the economy, jumped more than that of any other European country in the first three months of this year.

The stark data from the EU's statistics office, Eurostat, shows that Ireland's debt-to-GDP ratio surged by 7.7 percentage points in the first quarter. The increase far outstrips that experienced by any other European country, with the second-highest increase experienced by Belgium, at 4.7 points.

Ireland's debt-to-GDP ratio stood at 125 per cent in the first quarter. Figures released by the Central Statistics Office last week showed that the quarterly deficit amounted to $13\frac{1}{2}$ per cent—far higher than the $7\frac{1}{2}$ per cent target that the Government must meet this year as laid down under EU rules.

But a University of Limerick economist, Stephen Kinsella, sounded a cautious note. He claimed that examining one quarter in isolation could give a skewered picture. "Looking at quarterly debt data—it's just really risky. People are just booking different charges at different times, and when they're annualised later on they just don't have the same impact at all. It's way too early to tell from the national data yet."

A further step to a federal EU

The latest figures show that the EU "high representative of the union for foreign affairs and security policy," Catherine Ashton, now employs more than three thousand EU officials in 120 countries—all paid for by taxpayers. There are 55 of them employed to represent the EU in the United States, 47 in Russia, 36 in Japan, and 26 in India. Even Jamaica has 13.

Critics warn that the European External Action Service, headed by Ashton, is ballooning out of control and threatening to rival the diplomatic corps of member- states. The figures reveal how rapidly the EEAS—which cost more than £440 million to run last year—has expanded since it was launched three years ago.

Normally, only states need embassies; so who does the EEAS represent? It seems to be the unelected EU Commission. More credibly, however, it is just another step in the process of federalisation, along with plans for a common defence or single EU army.

The European External Action Service says that "the EEAS complements national diplomatic services, and in no way whatsoever threatens to supplant them. That never was the intention and never will be. They play entirely separate, but complementary roles."

Ireland and the Snowden saga

The Government has hidden behind a bureaucratic manoeuvre to deny political asylum to Edward Snowden, the American computer specialist who worked for the CIA and National Security Agency and leaked details of several secret American and British government mass surveillance schemes. They say they cannot consider an application unless he lands on Irish soil—even though he was trapped in Moscow!

Behind the refusal to help Snowden is a concern to protect the role that Ireland is playing in letting

Facebook and Google co-operate with US intelligence. Word of this scandal has begun to creep out in the international press.

"The impression people have in Europe is that Ireland is buying residence of large companies with the promise of deliberately weak regulation of European personal data for which it is responsible," said Joe McNamee of the European Digital Rights group in Brussels.

The Data Commissioner, Billy Hawkes, has even admitted that he knew "in a general way" that schemes existed whereby American technology companies were sharing data with the CIA and the FBI. He claimed that Snowden's revelations were "not particularly new."

This has led Angela Merkel to argue that "we have great data protection laws in Germany, but if Facebook is based in Ireland, then Irish law applies. We wish that companies make clear to us in Europe to whom they give their data."

Another EU-IMF rip-off

The Irish taxpayer has paid more than €220 million in fees to the EU and IMF as well as massive interest for our forced bail-out. This is on top of the €1.4 billion interest paid in the last year alone on the bail-out.

Between 2010 and the end of last year the state paid about €224 million worth of fees—roughly half the amount that Joan Burton is under pressure to cut from her department in October's budget.

Last year €67.3 million was racked up in fees, while in 2010—the year the bail-out was agreed between the Fianna Fáil-Green coalition and the troika of lenders—the figure was €41.2 million.

Olli Rehn

Greece to seize tax-dodgers' assets

The Greek authorities will seize the assets of businesses and individuals who do not settle their tax debts, the government has announced.

Under the plan the finance ministry will issue warnings to those who owe more than €10,000 that assets will be seized if the recipients do not arrange a payment plan within twenty days.

An estimated €60 billion in unpaid tax and social welfare contributions is owed to the Greek government. While revenue has been badly hit by the country's six-year recession, which has wiped out more than a fifth of its economy, tax collection remains one of Greece's biggest budgetary problems.

In July the finance ministry set up a five-member committee, including two former tax collection officers from Ireland and Sweden, to advise the government.

The Troika, which represents Greece's creditors from the European Union, European Central Bank, and International Monetary Fund, demanded an independent tax advisory board as a condition for Greece's aid programme. According to the EU's statistical agency, Eurostat, taxes worth 35 per cent of GDP were collected by the Greek tax authorities in 2011, with only Ireland and Spain having a lower collection rate.

Unfortunately, the government's action will not help the Greek people, as the proceeds will go straight to the banks and the ECB.

Readers will remember that last year the managing director of the IMF, Christine Lagarde, infuriated Greek people by asserting that a big part of the country's financial crisis is "all these people in Greece who are trying to escape tax. It's time for this nation of tax-dodgers to pay up," she declared.

But, according to the *Guardian* (London), Lagarde pays no taxes at all on her salary of €350,000+.

Shorts

- The anti-euro Alternative for Germany party gathered some seven hundred people at a rally in Hamburg last week, but opinion polls place it at 3 per cent—not enough to make it into the Bundestag in the general election on 22 September.
- The Greek minister of finance, Giánnis Stournáras, has ordered the chairperson of Greece's privatisation agency to resign after only four months in the job following a report that he travelled on a plane belonging to a businessman who bought the gambling firm Opap from the state. But that sort of thing couldn't happen here!
- The Faroe Islands has taken the European Union to the International Tribunal for the Law of the Sea over threats of sanctions in relation to disputed Atlanto-Scandian herring fisheries. The Faroese government wants coastal states, including Russia, Norway, and Iceland, to discuss joint management of the herring stock at a meeting in September.
- Milk of magnesia—the traditional remedy used for generations to combat indigestion, ulcers, and upset tummies—has been outlawed by the EU because it contains a bit too much sulphate. Glaxo-Smith-Kline stopped manufacture last autumn but was allowed to sell off its existing stock. Bottles are now changing hands for £20—ten times their normal price—on the auction site eBay.

EU arms to Egypt

Recently released figures show that France, Germany and Spain have led arms sales to post-Mubarak Egypt. The United States is the biggest provider of financial and military assistance to Egypt, which has not been affected by the recent cancellation of joint military exercises; but, according to EU figures on arms export licences granted by member-states in 2011—the year in which Egyptians overthrew the dictator Hosni Mubarak—the EU annually sells some €300 million worth of weapons to Egypt.

In 2011 France led the way, with €26½ million worth of electronic components, €25 million worth of arms-production equipment, €23 million worth of military aircraft, and €21 million worth of bombs, rockets, and missiles. Spain authorised the sale of €78½ million worth of military aircraft, while Germany gave permits for €57.3 million worth of military vehicles, €9 million worth of electronic equipment, and €6 million worth of naval vessels.

Other notable exporters were Bulgaria (€12.7 million, mostly missiles, ammunition, and military armour) and Italy (€11 million, mostly ammunition).

Croatian fishermen see little to celebrate

A sign (in English) at the fishermen's pier in the Croatian city of Umag reads: *"This fishing port was rebuilt with the support of the European Union."*

Most of the 3,700 fishermen who ply their trade in Croatia's eastern Adriatic fear that the country's membership of the EU from 1 July, and strict new laws and regulations that come with it, may be the end of their jobs. "I'm afraid we're in for a lot of unpleasant surprises," said Danilo Latin, whose family have been fishermen for four generations. "We'll lose the subsidies, we'll have to change our nets, fish further from the shore; there will be more competition and new restrictions, so we're looking at harder times."

Croatia's Adriatic is small and relatively shallow, and fishermen use traditional nets that are not compliant with the common fisheries policy, modelled

mostly on fishing in the Atlantic. “The transition will cost me at least €13,400, because of all the tools I will no longer be able to use,” said Latin. “And I’ll get no financial compensation.”

His complaint echoes the fears of many local fishermen, who say that successive governments that negotiated membership of the EU from 2005 to 2011 did nothing to protect their interests. “There were no negotiations whatsoever: we gained nothing through the process, we only found out that there is no alternative but to accept what had been offered,” Latin said.

On top of specifying everything, including the depth of trawl nets and the size of meshes, membership of the EU will open the eastern Adriatic to any fishing vessels from EU countries. Most concerns are about the vastly superior fleet from neighbouring Italy, whose boats often poached in Croatian waters in the past.

“There is still three to four times more fish on this side of the Adriatic,” said Miro Kučić, assistant minister of agriculture and a fishing expert. “So the Italians’ interest is huge, and we need to work with Italy to protect the Adriatic’s resources.” The aim, he said, was to make exceptions to the common fisheries policy, taking into account the specifics of the Adriatic, which is shallow in the north and deep in the south. “Northern and western Europe, which effectually wrote the maritime laws, have ten species of fish for commercial fishing. In the Adriatic we have eighty, plus hundreds of different tools the rest of Europe doesn’t know. So we need to fight now.”

But even if they succeed, it may come too late for many. “Ten years ago, fishing was still prosperous and everyone was buying boats,” said Tonči Trevižan, who heads the fishermen’s guild for the northern Istrian peninsula. “Now it’s declining, and people are closing their trades. Now we have new norms, new taxes, book-keeping. We are treated as real companies, whereas we are really only small family traders, and we just cannot keep up with all the demands.”

Neighbouring Slovenia, which shares a small part of the northern Adriatic, joined the EU in 2004 and has already seen a decline in its fishing. “It’s the European laws, the European-size nets, the size of fish,” said Loredano Pugliese from the port of Izola, which has watched its fishing fleet dwindle during the last decade from almost four hundred boats to about thirty. “This is a small sea, and they want us to act as if this was a big sea. In a few years there will be no fishermen left here, and I’m afraid that’s what will happen to my Croatian friends too.”

Will the euro zone fall apart sooner or later?

The single currency has failed to become the harmonising force that it was supposed to be. Since the euro was inaugurated in 1999, German unit labour costs have risen by less than a cumulative 13 per cent. During this time, Greek, Spanish, Irish and Portuguese labour costs have risen by 20 to 30 per cent, and Italian ones by even more.

It is hardly surprising that Germany has a current-account surplus of 6 per cent of gross domestic product, while Greece, Italy, Portugal, Ireland and Spain have a bare balance. Estimates need to be taken with a very large pinch of salt, but their general message is all too credible. No so-called banking union or fiscal harmonisation will suffice while these imbalances remain.

The economic theory (such as there was) behind the creation of the euro was that the single currency itself, and the supposed impossibility of devaluation by members, would act as a harmonising force. But this has not happened, and present relationships have become unsustainable.

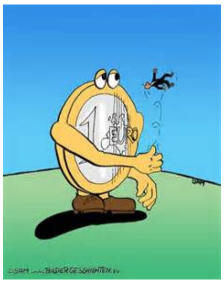
Meanwhile it is in the interests of the Eurocrats to make the problems seem as complicated as possible, so that only a small number of so-called financial experts can even discuss them; and we have had one financial package after another and one guarantee after another to keep the structure going. But loans and guarantees do not make the unsustainable sustainable.

There are now only a limited number of ways that the situation could develop.

Firstly, “austerity” in the peripheral countries could succeed. The demand squeeze imposed on them results in a fall in costs and prices, relative to their euro-zone neighbours, leading to greater competitiveness, an eventual recovery in living standards, and a sharp drop in unemployment. The crucial question is how many years—or decades—the correction would take. Increasing numbers of commentators are convinced that this policy will not work and can only lead to increasing immiseration through permanent austerity.

Secondly, the peripheral countries could continue to stagnate. Unemployment is now 22 per cent in Greece, 24 per cent in Spain, 18 per cent in Portugal, 15 per cent in Ireland, and 10 per cent in Italy, and emigration beckons.

The third option is unlikely but is included for completeness. Germany and other northern euro members could pursue more "expansionary" (read inflationary) policies, thus reducing the agony of the peripherals. Alternatively, it could continue to subsidise them indefinitely.



The fourth option is for one or more of the peripherals to leave the euro zone. All hell would then break loose, not only among the departing but also in the remaining euro countries, where banks have large and potentially depreciating euro assets on their books. But eventually the former euro members would pick up the pieces and emerge with more tolerable performance, as occurred in Argentina when it severed a supposedly unbreakable link with the American dollar. This option has never been evaluated by the government, nor been the subject of public debate. Similarly, a debt audit, leading to repudiation of odious debt, has been completely off the radar.

This brings us to the banking inquiry and the sham debate about its terms of reference. That inquiry should begin with an examination of the decision to adopt the euro. How was it made? Was there a green paper, a white paper, an inter-departmental committee—anything? That should be the real terms of reference! An evaluation of its contribution to the present state of affairs could easily be tagged on for completeness.

The economic history of the Irish state has been one of fiscal profligacy on the part of politicians, countered by a conservative monetary policy on the part of the Department of Finance. That was how we kept the show on the road for eighty years. By abandoning monetary policy to the ECB we abandoned the one tool we had for curbing the excesses of fiscal policy, which are a direct result of the clientelist political system that has brought us down.

The decision to adopt the euro was the worst made by the Irish state since 1921. The bank guarantee of September 2008 is considered by many to be its worst decision, but it would not have been necessary had we stayed out of the euro. Not to mention that Guarantee Night was the moment to withdraw from the euro. Had we done so we would now, like Iceland, be well on the way to recovery.