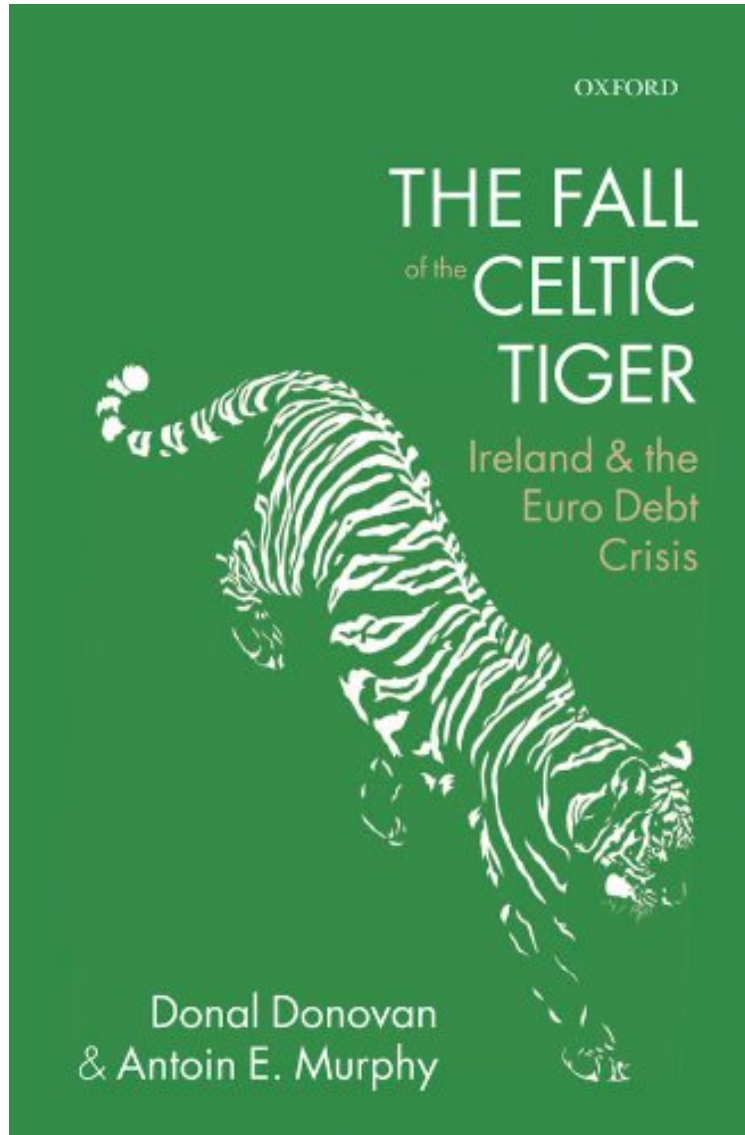


[Free] The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis

The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis

Donal Donovan, Antoin E. Murphy
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Donal Donovan, Antoin E. Murphy : The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis:

2 of 2 people found the following review helpful. Very informative. By Customer This book gives a great overview of the economic situation in Ireland. A must-read for anyone interested in economics, sociology and politics! 1 of 1 people found the following review helpful. A serious and objective study of the Irish economic crisis. By Nandt1 As an Irish economist who had worked extensively on economic crises around the world, Donal Donovan was ideally qualified to review the Irish economic crisis with the necessary combination of economic rigor, comparative

perspective, objectivity and awareness of the local cultural context. He thoroughly reviews the series of systemic weaknesses and doubtful policy calls that helped bring the country to the edge of disaster, sparing no one for their share of the responsibility. As he shows, many in Ireland benefitted from the bubble while it was inflating, and all too few were prepared to raise awkward questions at the time (when one academic economist was brave enough to raise a warning flag, the Prime Minister of the day publicly invited him to commit suicide). Among the penetrating questions Donovan raises is the extent to which a parochial reluctance to air Ireland's dirty linen in public helped bring the country to the brink of ruin. Not everyone in Ireland will welcome this book, as it punctures a number of comfortable myths that would blame the disaster on "others", such as the foreigners who supposedly "forced money on" the country. But anyone with a serious interest in Ireland's political and economic future ought to read the book and think seriously about its critique of the way policy-making is done in Dublin.

By 2000, Ireland had achieved a remarkable macroeconomic performance: 10% economic growth annually, a budget surplus, and a very low debt to GDP ratio. Emigration had disappeared and there was significant immigration from Eastern Europe. Yet, by November 2010, output had collapsed to an extent unprecedented among post war industrial countries, the budget deficit was out of control, and the debt to GDP ratio had soared to around 100%. In an unprecedented development, Ireland was forced to apply for an emergency bail-out package from the Troika (European Commission, European Central Bank, and the International Monetary Fund). This book examines how the Celtic Tiger, a high growth performing economy, fell into a macroeconomic abyss. It is a story that shows how the Irish economy moved from a property market crisis to a banking crisis and fiscal crisis, and how these three crises led to a fourth crisis, the massive financial crisis of 2010. Against the backdrop of the newly created Eurozone, the book demonstrates how a housing boom was transformed into a property market bubble through excessive credit creation. Accompanying the market bubble, buoyant property related taxes enabled a profligate government to over spend and under tax. Few, either in Ireland or Europe, recognised the danger signals because the prevailing economic ideology suggested that financial markets could self-regulate. The book analyses the roles of banks, builders, developers, regulators (the EU, the ECB, the Central Bank of Ireland, and the Irish Financial Regulator), politicians, economists, the media, and a property driven populace during the various stages of the downfall of the Celtic Tiger. It pays particular attention to the decisions to provide a highly controversial comprehensive guarantee for the covered Irish banks in 2008, and the subsequent events that left the government with no alternative but to request the 2010 bail out. Throughout the book, attention is devoted to the allocation of responsibilities for the unfolding crises. First, who or what was responsible for what happened and in what sense? Second, could specific actions have been taken at various stages to prevent the final recourse to the bail out? Finally, the book addresses the future of the Celtic Tiger. It discusses the impact of measures to help resolve the current Euro debt crisis as well as the underlying lessons to be learned from this traumatic period in Ireland's economic and financial history.

"An excellent guide to the demise of the Celtic Tiger." --The Financial Times "A fascinating book...an accessible, balanced and independent analysis." --Sunday Business Post "Required reading." --Irish Independent "Donovan and Murphy represent the strength and breadth of contemporary Irish economics. Donovan is an experienced technocrat, a veteran IMF staffer with scars from many financial crises to prove it. Murphy is a distinguished economic historian, as well as one of the world's leading authorities on the history of monetary thought. The great virtue of their book is that it does not flinch from asking the question that has been uppermost in the general public's mind from the start but that has proved mysteriously elusive in most official discussion: who or what, at root, was responsible for the crisis? It is in addressing this crucial question that Donovan and Murphy make their most valuable contribution. The answer to what caused the Irish crisis, they argue, is to be found not at the level of vested interests but at the level of ideas." --The New Statesman "...this book is the best so far on the Irish financial crisis of 2008." --Foreign Affairs

About the Author: Donal Donovan is a Member of the Irish Fiscal Advisory Council, Adjunct Professor at the University of Limerick, and Visiting Lecturer at Trinity College Dublin. He is a former deputy director at the International Monetary Fund with considerable experience in the area of financial crises. He has advised in the preparation of two major reports on the Irish financial crisis. He is a member of the newly appointed Fiscal Advisory Council of Ireland. Antoin E. Murphy is Professor Emeritus of Trinity College Dublin. He is the author of three books published by Oxford University Press. He is an expert in the area of the history of economic thought and has a deep historical knowledge on asset market bubbles and financial crises.