Irish Banking: Rediscovering Values for Rebuilding and Renewal

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Introduction

This article explores the deconstruction of the Irish banking system. It discusses the 'pressure points' which are reshaping this system, and how these are likely to impact on the wider banking and financial community. This is an important issue in its own right because the *constitutive* purpose of banking is to support the wider economy, and especially job creation. But it is particularly timely to critique recent events and policies which in combination have served to subvert the development of modern Ireland.

That is hardly an overstatement. After all, the collapse of the Irish economy since 2007 has been on a scale that is unique among developed countries. Moreover, this collapse precipitated the intervention by the European Union (EU), in association with the International Monetary Fund (IMF), leading to a 'bailout' agreement that, in exchange for highly conditional financial support, effectively emasculates discretionary fiscal policy, as well as imposing very far-reaching cuts in living standards.

'Adjustment' *was* necessary: the Irish economy had, for some time, forgone the production of competitive goods and services and instead chosen to surf an extraordinary and unsustainable expansion in credit by domestic institutions, much of it diverted into the property and construction sector.

This 'asset bubble' was funded not on the basis of deposits or prudent orthodox banking practices but by massive external borrowing that was highly volatile. The result was a sharp deterioration in the key loan-to-deposit ratio in Irish banks, to levels that were completely unsustainable.

Once the wholesale markets lost faith in the credibility of Ireland's fiscal and growth policies, external funding washed out of the Irish banking system, precipitating an unprecedented implosion in institutions and in the markets and contributing to a sovereign debt crisis that still overshadows the economy. In effect, the collapse in confidence in the banking sector was, and remains, inextricably bound up with a sovereign debt crisis characterised by excessively high and unsustainable fiscal borrowing, generating a vicious circle.

The business model then prevailing in Irish banking – and specifically in Anglo Irish Bank – was at the epicentre of this crisis, and of all that it has precipitated in the lives of individuals and families, as well as the businesses which create employment and sustainable living standards.

That banking system, whose roots extend back as far as the eighteenth century, had grown up with, and contributed in no small part to, the development of modern Ireland, including the process of internationalisation, which was spear-headed by AIB in its acquisitions in the UK, the USA and, in particular, Poland. This process of internationalisation was exemplified in the key role played by the domestically head-quartered 'associated banks' in establishing the Irish Financial Services Centre (IFSC): through their commitment – and the autonomy which they had to make such a commitment – they gave 'traction' to the IFSC in its early stages, when credibility and visibility were the necessary foundation for the success that was to follow.

However, in the space of a relatively short period of time, something went dreadfully wrong in Irish banking and in the Irish economy – and the measure of this was the intervention of the EU and IMF, something which up to a year or two prior to its happening would have been considered inconceivable. These developments were played out not alone within the country itself, but also in the capital markets on which our government and our banks had come to depend simply to keep afloat. They were played out too within a euro zone that was racked by institutional deficiencies, and by a loss of vision as to what the whole European project was supposed to be about.

An Ethical Crisis

But, as we have previously argued,[1] this is no banking crisis. It is an ethical crisis rooted in, and *spawned* within, a relativistic and consumer-driven form of 'corporate capitalism', one which

excluded any understanding of the common good. At the core was the erosion of banks' perception of themselves as essentially trustees of the public interest. This erosion happened under the pressures generated by deregulation and the commoditisation of banking and above all by the adoption of short-term shareholder value as the mantra of the industry.[2] Of course, the same developments are evident within the wider global banking and financial crisis. But Ireland's was home-grown. It was an ethical crisis precipitated not alone by the abandonment of objective moral norms but by the subversion of professional standards.

In the vast multi-disciplinary literature exploring different dimensions of the worldwide financial and economic crisis, Salter's critique of the collapse of Enron is a defining analysis of how corporate culture can be 'captured' and emptied of any substantive content, and of how, as it stumbles through the grey area between 'clear right-doing' and 'clear wrong-doing', it inevitably collapses.[3]

Salter also makes the point, which is worth reiterating, that the Enron crisis – which has precise parallels in the collapse of financial institutions, the defective ethos of organisations, and the 'idolatry' of power – is saying things not just about systems and ideologies, but about human nature, that is, about 'us'.

In this article, however, we focus on a specific number of themes that presuppose an understanding of the narrative of the collapse of the Irish banking sector and with it the economy, and also of the proximate 'causes' as identified in a number of reports.[4] In our conclusion, we focus on the present circumstances, while also seeking, as best as possible, to understand how these arrangements may develop in the coming years.

The Universe of Irish Banking

Before evaluating some of the key dimensions of the present – and projected – trajectory of Irish banking, we first provide a summary 'overview'. Figure 1 sets out, in a schematic form, the key 'pressure points' that are reconfiguring the banking sector in Ireland. The starting-point is right at the top of the diagram: namely, the EU/IMF-imposed restructuring of the banking sector.

Collapse of Anglo Irish
The first pressure point is the collapse of Anglo Irish Bank, a collapse that has been much analysed. The two key factors leading to the downfall of the bank were the 'business model' itself and a catastrophic failure in governance.

It is useful to recall the insightful critique of Salter in relation to Enron – a company which at a number of levels had exemplary corporate governance arrangements. Salter writes:

... we need not – and cannot – rely on legislatures to prevent the kinds of problems that destroyed Enron. Solutions to these problems lie not in drafting new laws but rather in the far more complex task of creating, in company after company, organizational pressures and structures that promote effective management and ethical behaviour.[5]

Alongside what was happening in Anglo Irish was, of course, the reality that other credit institutions had come to be characterised by the kind of deficiencies in governance and risk controls which were to lead to the undoing of Anglo. Furthermore, these institutions had allowed themselves to be lured into seeking to emulate the almost exponential growth of Anglo. They should have known better: certainly their experienced staff did. But there was an absence of a *listening* culture. There were institutions which, seeing signs of impending distress, and also informed by the brave analysis of informative commentators, backed-off – but not in sufficient time.

Government guarantee
The second 'pressure point' arises from the Government decision to guarantee the safety of retail deposits, *and* also all corporate liabilities – a scheme that was subsequently amended in 2010.

The wisdom of this initiative has been widely debated. On the one hand, the banking system of a small and open economy was threatened by seismic forces in late 2008, and some form of initiative was required to send a signal to the markets. There were other models – such as those introduced in the UK – which could have been used. On the other hand, the view of Professor Patrick Honohan, Governor of the Central Bank, comes closest to describing the reality of the pressures facing the authorities to respond to the freezing over of capital markets and to the prospective collapse of the global banking system, in the 'after-shock' triggered by the collapse of Lehman Brothers in the USA.

NAMA
A third pressure point was – and remains – the establishment of NAMA (National Asset

Management Agency) and prospectively the extension of this approach through the creation of a NAMA II, which would take additional assets off the banks' balance sheets.

It was clear from the outset that the Government had set its face against taking control of the banking system – in which regard, policy failed. However, a mechanism was deemed necessary to remove 'toxic' – largely property and construction related – loans from the balance-sheets of banks. These were absorbed by NAMA at a discount ('hair-cut'), ostensibly freeing-up the banks to resume normal lending after stabilisation. The problem was that the sheer scale of bad loans and impairments kept growing. Moreover, the greater the extent of the 'hair cut', the greater the amount of capital required to support the banks' newly-shrunken balance sheets.

Enforced recapitalisation

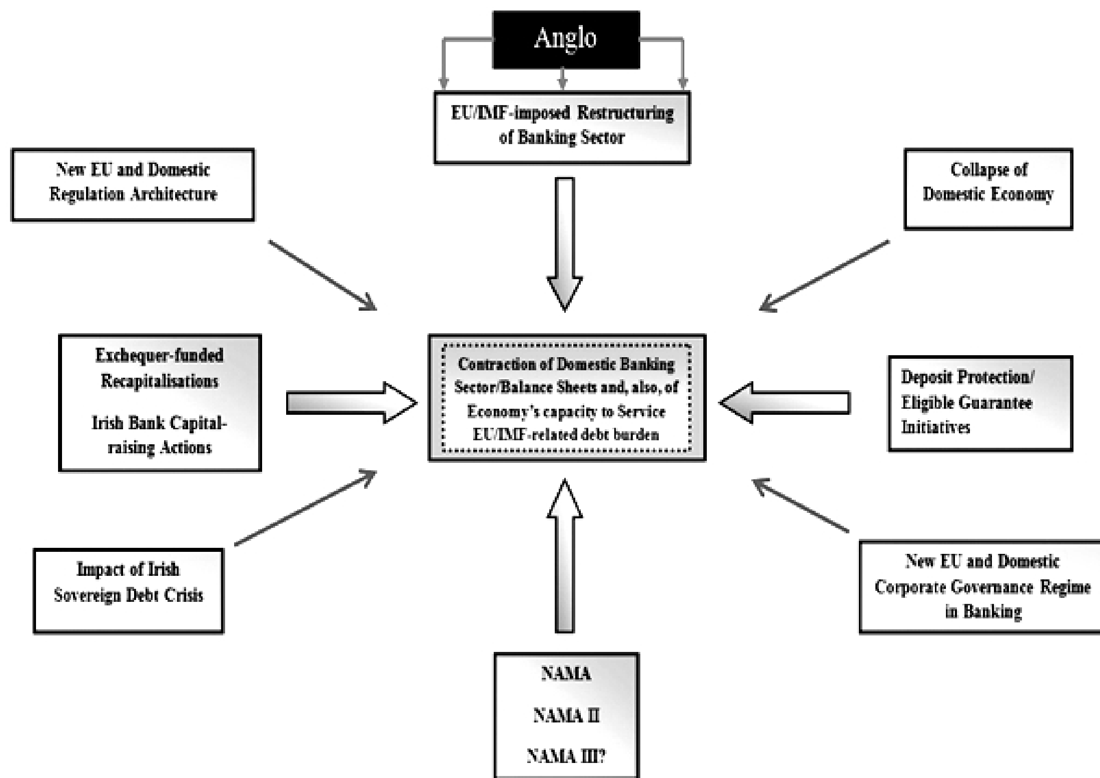
This takes us to a fourth pressure point – the enforced recapitalisation of the banks. In a normal banking environment, banks can raise capital by means of new share issues to existing shareholders, or from retained earnings, or even by significant reductions in costs/income ratios. None of these proved feasible in the circumstances which had overtaken Irish banks. For example, the crisis had led to a collapse in Irish bank shares – virtually wiping out the investment of individual shareholders and also impacting on pension funds.

The principal response to the need for recapitalisation was the direct participation by the Exchequer in the provision of capital to 'covered' domestic institutions. It is extraordinary now to reflect that in a Second Stage speech on the Bill to nationalise Anglo Irish Bank, the Minister for Finance envisaged that this might involve upwards of €10 billion. Policy was not merely being overtaken by events: it was being run-over by an avalanche of events and of misconceived policy responses to these events.

In addition, there were capital-raising actions by the two major banks – in the case of AIB, through the selling-off of what were deemed 'non-core' assets.

The scale of the task of recapitalisation increased when a wholly new regulatory regime was put in place by the Central Bank. This was to be a more prescriptive, forceful and robust rules-based regime. But it also set higher capital standards for

Figure 1: The New Universe of Irish Banking: 'Pressure Points'



covered institutions – standards that were, in fact, above the EU norm. Given the difficulties which the banks faced in raising capital externally, the Exchequer remained a source of capital of last resort, notwithstanding the enormous debt burdens – actual and latent – that were thus incurred by the Government.

There was a high price to be paid also in the disposal of overseas business units, notably by AIB, as a means of making-up the shortfall arising from the new capital adequacy standards enforced by the Regulator. The net effect for AIB was a shedding of robust, strategically important, and carefully nurtured overseas acquisitions at precisely the time when the domestic retail franchise was contracting rapidly and when the ownership of the bank was passing into the hands of the people. In retrospect, and with due acknowledgment of the difficulties facing the Regulator, it was not a good deal for the Irish people.

The Limits of Regulation

There were positive developments within this emerging 'new universe'. The diagonal (left to right in Figure 1) highlights the development around this time of new EU and domestic regulatory architecture, with a particular focus on *systemic* risk and also a strengthened corporate governance regime. This is the new environment within which Irish banks will be managed into the future.

The difficulty is this: the crisis, both in Ireland and globally, occurred within a detailed international regulatory regime, whose cornerstone was BASEL II – a Framework of 'supervisory regulations governing the capital adequacy of internationally active banks'.[6]

This Framework, more than a decade in the making, was published in 2004, but was simply swept away by the turbulence in the global financial markets, which completely undermined prevailing perceptions regarding what was an adequate amount of capital for banks to hold in order to absorb unexpected losses. The losses generated by the global financial crisis were on a scale never seen before, and BASEL II – now being reconstituted as BASEL III– was wholly overrun by the sheer volume of losses and by the general meltdown in the balance sheets of banks.

In any case, as Salter points out in relation to corporate governance, regulatory arrangements by themselves count for little: the real challenge is to embed a sense of ethics within organisational structures, incentives and relationships.

What this is telling us is that regulation is a necessary, but not a sufficient, condition for a market-based set of arrangements to ensure integrity and fair-dealing. Equally, the most eloquent descriptions of corporate governance arrangements are nothing if they are emptied of the lived example of ethics in action in transactions and in relationships. It is worth developing this point. The logical starting place is Deuteronomy and, in particular, the injunction of Moses:

See, I set before you today a blessing and a curse: a blessing if you obey the commandments of the Lord our God that I enjoin on you today; a curse if you disobey the commandments of the Lord our God and leave the way I have marked out for you today, by going after a god you have not known. (Deuteronomy 11: 26–28)

That's telling us something extremely important about the centrality of objective ethical values.

... the real challenge is to embed a sense of ethics within organisational structures, incentives and relationships

Fast forward to the *Core Principles for Effective Banking Supervision*, drawn up by the Basel Committee on Banking Supervision after extensive consultation and issued in 2006.[7] These Principles state simply and incisively what banks should do over a whole range of areas which we have discussed. Extraordinarily, they were just ignored. Re-reading them, it is clear that had the banks adhered to the Core Principles there would not have been a crisis. This would suggest that even in a prescriptive regulatory regime, there is no way of guaranteeing that banks behave ethically within the prevailing business model.

A comparison with the principles of Islamic banking is instructive. To begin with, in this model the relationship between the borrower and the lender – particularly in terms of interest rates – is wholly different. Secondly, there is a very effective institutionally-based structure for 'screening-out' what are deemed to be unethical investments – for example, armaments, alcohol and pornography, and also the kind of leveraged structured financial

products which played such a central role in the creation of the current financial crisis.

Moreover, there is a Council which oversees the application of these principles, not alone within banks, but also, for example, by institutional investors. This also displaces the possibility of a 'shadow' banking system of the kind that has grown almost exponentially alongside what was once the 'conventional' banking model. That growth has subverted what should be the constitutive purpose of banking, which is to service the needs of the real economy – not to facilitate speculation and the manipulation of markets and market capitalism.

The issue here is not whether Islamic banking is the perfect answer but to suggest that perhaps, together with Judeo–Christian principles, it takes us a lot further towards a sustainable banking system, one predicated on service, rather than on power and skewed incentives to achieve and sustain that power.

Overall Impact of 'Pressure Points'

Finally, with regard to Figure 1, we can summarise the net impact of all of these positive and negative pressure points embedded in the banking–political nexus.

The diagonal line from right to left highlights two points of particular importance. The first, and well chronicled, is the collapse of the domestic economy under the pressure of failures in the banking model, in regulation and in governance and, also, the policy reaction to these failures. The reaction took the form of four recessionary budgets that bled an economy already running on empty of business activity, jobs and confidence. This, in turn, reflected the impact of Ireland's gathering bank/sovereign debt crisis not only in its domestic domain, but also in respect of Ireland as a member of the peripheral economies of the euro zone.

A glance at the centre of Figure 1 shows the impact of these pressure points: the contraction of domestic banking activity, and the concomitant contraction in the balance-sheets of banks increasingly overwhelmed by loan losses, 'prospective impairments' and the difficulties of accessing funding from the markets.

By the first half of 2010, the proportion of non-performing loans within the Irish banking system had reached levels which were wholly exceptional relative to all but Greece and Spain within the euro zone. This, in turn, precipitated a funding crisis. As corporate deposits flowed out of the banking system in 2008 and 2009, but in a much more pronounced scale in 2010, the whole system became excessively dependent on the European Central Bank which, in effect, threw away its 'rule book' and exchanged 'cash' for Government IOUs.

At the same time, as already noted, the priority given by Government to resuscitating the banking system at the expense of supporting domestic businesses led to catastrophic rises in unemployment and, in particular, long-term unemployment.[8]

Legislation Insufficiently Examined

It is useful to look behind the curtain of all of these developments to the extraordinary body of legislation enacted during the crisis. Some of the legislation – for example, that relating to the nationalisation of Anglo Irish Bank, the establishment of NAMA and the Central Bank Reform Act 2010 – can be seen as necessary responses to the policy options chosen by the Government in dealing with the crisis.

But the sheer volume of the legislation does raise serious and pressing questions. An ethical crisis, particularly one of this magnitude, simply cannot be resolved by more and more legislation. Neither the markets nor the person in the street will be convinced that they can now 'trust' or invest credibility in a banking system that is being resuscitated, but whose ethical underpinnings have not been transformed. Furthermore, it is difficult to sustain the idea – indeed it is a nonsense to suggest – that all of this legislation was adequately scrutinised by our legislature prior to enactment. It was not, which is not wholly surprising given the sheer volume and complexity of the legislation.[9]

There is much that could be made of this issue, not least because it raises, in a very serious way, the question of whether this is the best way to go about developing and implementing such far-reaching changes within what is, after all, supposed to be a democratic society, where major issues ought to be carefully scrutinised and where informed decision-making should be the norm.

We simply make the point that throwing a tonne of legislation – much of it unread by legislators, let alone the general public – at an ethical crisis spawned within the financial sector has scant prospect of success in restoring trust in banking.

Legislation is often a second-best solution – and that, we argue, is certainly the case in relation to the still evolving Irish banking crisis.

A Shrinking Banking Sector

Figure 2 shows in a very simplified manner the key outcomes of the policy measures taken in relation to Irish banks since 2008:

- The winding down of Anglo and also of Irish Nationwide, having absorbed what would hitherto be regarded as inconceivable amounts of public funding.
- The prospective survival of Bank of Ireland as a domestic entity, albeit with a large minority stake-holding.
- The prospective selling-off to an overseas buyer of a rehabilitated AIB.
- The emergence of a 'third force' in the form of EBS, underpinned by private equity, absorbing, at a minimum, the banking arm (Permanent TSB) of Irish Life & Permanent.
- The presence of a robust Ulster Bank, a subsidiary of the UK RBS.

Figure 2 also highlights the fact that the so-called 'covered institutions' are domestically-based institutions but the sector may be augmented as a result of its 'contestability' – that is, the scope for other EU banks to enter the market either in particular niches or on new IT-based platforms. Then there is also the important IFSC sector which has remained robust in the face of the implosion that happened around it, and is indeed emblematic of what good decision-making and a commitment to transformation can achieve.

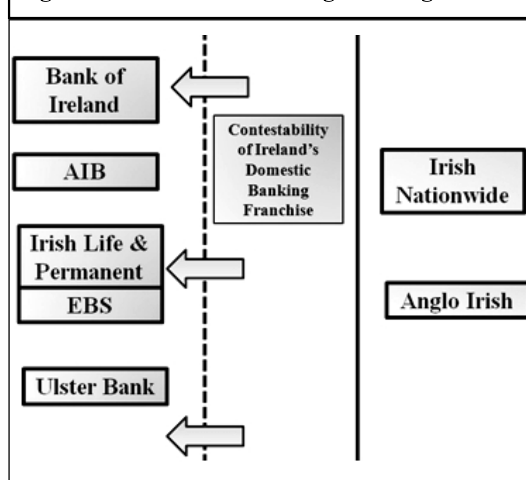
The EU/IMF Banking Restructuring Programme

The EU/IMF bailout agreement, concluded in late November 2010 and approved by the Dáil on 16 December 2010, provided €35 billion to support the Irish banking system. Of this, €10 billion was assigned for immediate recapitalisation of the banks; the remaining €25 billion will be provided 'on a contingency basis'. The agreement included a programme to achieve a 'substantial downsizing' of the Irish banking sector.

Under this programme, Irish banks will be required to:

- Run down non-core assets.
- Complete the transfer of land and development property loans to NAMA.
- 'Promptly and fully' provide for all non-performing assets.
- 'Securitise and/or sell asset portfolios or divisions with credit enhancement if needed, once the market normalises'.[10]

Figure 2: Ireland's Shrinking Banking Market



In addition, the programme requires 'swift and decisive action to resolve the position of Anglo Irish Bank (Anglo) and Irish Nationwide Building Society'.[11]

Figure 3 summarises the specific measures to be adopted to achieve the downsizing programme. These measures speak for themselves and need little elaboration given the earlier discussion.

Figure 3: How Banking 'Downsizing' is to be Achieved[12]

- Winding-up of Anglo and Nationwide/sale of deposits.
- Due diligence of all bank assets.
- Additional transfers to NAMA.
- Assessment of banks deleveraging/ restructuring by EU/IMF.
- Increase in core tier capital to 12 per cent, pending Prudential Capital Assessment Review (PCAR).
- PCAR to be carried out on the basis of a diagnotic of current asset valuations.
- Provision of additional capital for banks as required.
- New 'resolution scheme' for dealing with distressed deposit taking institutions.
- Strengthening of banking supervision.
- Raising of corporate governance standards.
- Independent report of compliance with 2006 Basel Core Principles.

But the present position of the banking system in the light of the EU/IMF programme most certainly does merit some comment. Figure 4 characterises our understanding, at this point in time, of the perilous position of the Irish financial sector. It is, as it were, poised on the edge of a vortex.

The Need for EU/IMF Renegotiation

We would argue that the present terms of the bailout agreement are imbalanced, counter-productive and more likely than not to precipitate a sovereign default by an Irish economy that lacks the capacity to service the level of debt imposed by the programme. Furthermore, the programme itself, in as much as it is led by the EU, is based on Ireland's achieving, by 2014/2015, Stability and Growth Pact targets in relation to the government deficit that are simply unattainable.

The vulnerability of the assumptions underpinning the EU/IMF agreement is, we suggest, highlighted by the following questions:

How robust are official projections up to 2014 or 2015?

Is it realistic to expect that Ireland can achieve a government deficit of 3 per cent by 2014/2015, given the reality that in 2010 the deficit stood at 32 per cent?

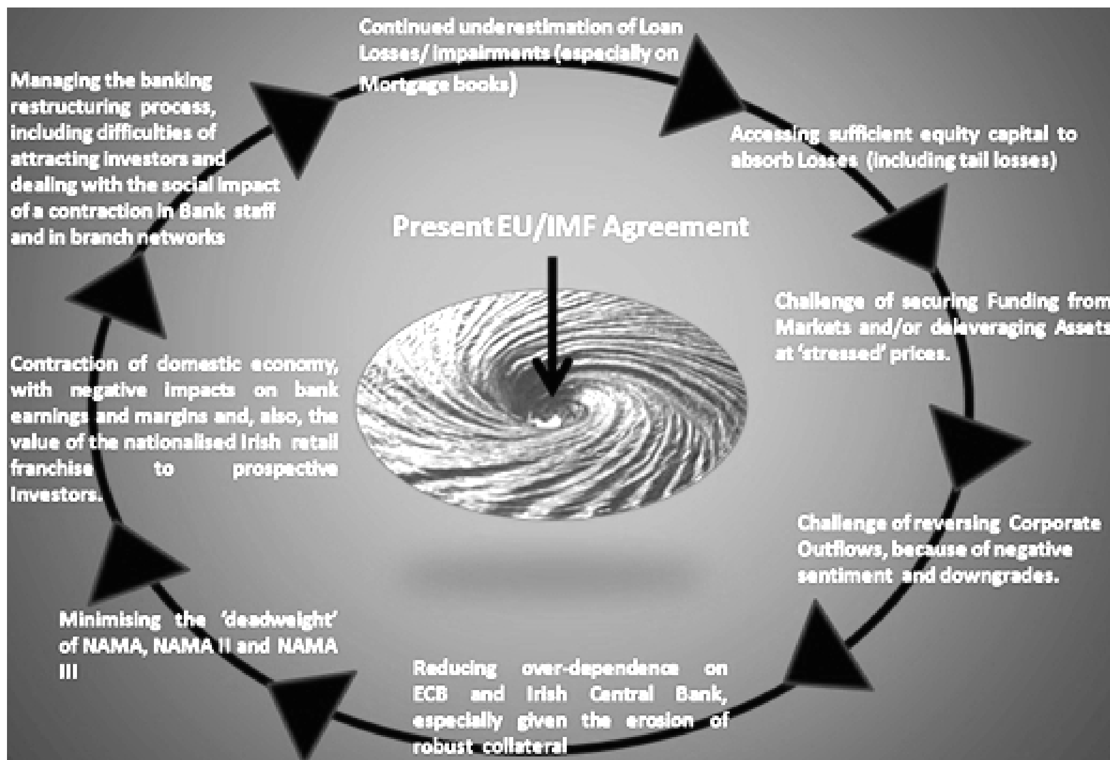
What are to be the sources of growth? Where is the funding for such growth to come from?

Is it possible to stabilise the domestic banking sector by 2014?

It might also be asked: 'What does domestic, or EU, policy-making gain from "playing games" regarding the feasibility of Ireland achieving the Stability and Growth targets by 2014/2015?' The reality is that playing games and expediency-driven 'token' gestures in respect of the interest rate of the present bailout arrangements do not address the core question of the feasibility of the programme; instead, they further erode market credibility. It needs to be emphasised that while Irish banks *did* lend recklessly at the height of the boom, the banks of core European countries were also reckless – just as the ECB (European Central Bank) was foolish in lending to a government whose policies were manifestly not working.

There is, of course, a 'moral hazard' argument – namely, that alleviating the financial burden

Figure 4: Ireland on the Edge of a Vortex



on Ireland and lengthening the duration of the adjustment programme might send the wrong signal to the markets and to other delinquent peripheral countries.

This does not stand up to serious scrutiny. Ireland's fiscal correction from 2008 onwards displays no indication whatsoever of a propensity to exploit 'moral hazard'. In fact, the response, in the form of four recession-inducing budgets, was wholly counter-productive. It was without any substantive off-setting initiatives to enhance the supply-side of the economy or its efficiency, and did not factor in scope for flexibility and imagination or the overriding importance of mitigating the impact of the crisis on families and communities.

The striking thing here is the contrast between the response adopted to the Irish crisis and the approach recommended by the EU Commission in its 2008 strategy document, *A European Economic Recovery Plan*:

The real test for European governments and institutions comes when faced with the most difficult of circumstances. At such times, they need to show imagination; they need to show determination; and they need to show flexibility. They need to show that they are in tune with the needs of families and communities across the European Union, that they are equal to the task of finding the right response to the sudden downturn in the prospects for growth and jobs in Europe.[13]

The 'moral hazard' argument does not therefore stand up. Clearly evident, however, are the prospective dangers of a second round of contagion, which is the process that, through a complete erosion of confidence and credibility, swept away the underpinnings of the global financial system from about mid-2007.

This view is reinforced by the very clear identification by the IMF in its analysis of the risk of contagion in the Irish financial system and the multiple channels through which it might be transmitted.

Our analysis is further reinforced by a 'snapshot' of CDS (Credit Default Swaps) spreads on sovereign debt over the period March 2010 to February 2011.

This shows essentially that *notwithstanding* the €750 billion 'Shock and Awe' fund announced by the European Council in its meeting in May 2010 – out of which the Irish bailout package emerged – and despite the rigours of the EU/IMF agreement, Irish sovereign debt is still trading at excessively elevated levels within the sovereign debt markets.

It is, of course, the case that these are 'notional' rates, since the Irish Government is now 'pre-funded' through to 2012/2013 and therefore is not currently seeking funding on these markets. Nevertheless, the data reveal 'the mind of the markets' – and the markets do not believe.

Conclusion

Our argument, then, is that it will take until at least 2014/2015 to stabilise and restructure the banking system and up to 2020 to put Ireland's economy on a sustainable path. The subtext here, it should be emphasised, is that Ireland has the natural resources – particularly in relation to renewable energy – to regenerate its economy. Furthermore, it can do so in a manner that not alone assures its capacity to fund its banking and fiscal needs but, within not much more than the length of the EU/IMF programme, allows it to become self-sufficient in energy and generate a financial surplus.

The important point is that an enforced and over-rapid adjustment makes no sense for the Irish economy, and still less for a euro zone which remains highly vulnerable to deficiencies in its institutional architecture and its inability to get to grips with the structural chasm between 'core' and 'peripheral' economies.

To repeat, moral hazard is not the issue; the dangers of a second round of contagion, and a failure to embrace a communiqué vision of what the European Union is about, most emphatically are.

In conclusion, our view is that the stabilisation of the banking system and macro-economic stabilisation are inextricably bound up. In regard to the former, we believe that the disposing of AIB to a foreign entity, at what would almost certainly be a 'fire-sale' price, makes little sense (especially in light of the cost to the State of the 'rehabilitation' of this bank) and would not be in the longer-term public interest. Instead, the bank should be seen in terms of its successful experience of internationalisation and its capacity to contribute to the rebuilding of the Irish economy which will necessarily involve internationalisation.

In a related area, we would argue (though space prohibits a detailed treatment of the issue) that

there is no merit whatsoever in the disposal of State assets to act as a palliative – one which takes from future generations the resources of their country.

Equally, because we view the crisis as an ethical one which highlighted and exacerbated institutional failings, there should also be an alignment in public and commercial practice with what can best be summarised as the *common good*. The principles of Islamic banking come close, but the philosophical construct the common good goes much further as a benchmark for renewal.

Notes

1. Ray Kinsella and Maurice Kinsella, 'Ethical Causes and Implications of the Global Financial Crisis in Ireland: Political Contagion and Political Transformation', *Studies*, Vol. 98, No. 391, Autumn 2009.
2. These developments were prophetically anticipated by J.K. Galbraith in *The Affluent Society* (1958), the now classic critique of the emergence of American corporate capitalism.
3. Malcolm S. Salter, *Innovation Corrupted: The Origins and Legacy of Enron's Collapse*, Harvard MA: Harvard University Press, 2008.
4. See, for example, Klaus Regling and Max Watson, *A Preliminary Report on the Sources of Ireland's Banking Crisis*, Dublin: Stationery Office, 2010; *The Irish Banking Crisis: Regulatory and Financial Stability Policy, 2003–2008*, A Report to the Minister for Finance by the Governor of the Central Bank, Dublin, May 2010.
5. Malcolm S. Salter, *op. cit.,* p. 6.
6. Basel Committee on Banking Supervision, *International Convergence of Capital Measurement and Capital Standards: A Revised Framework*, June 2004, Basel: Bank for International Settlements, p. 1 (www.bis.org).
7. Basel Committee on Banking Supervision, *Core Principles for Effective Banking Supervision*, Basel: Bank for International Settlements, 2006 (www.bis.org).
8. Ray Kinsella and Maurice Kinsella 'The Rise and Rise of Long-term and Youth Unemployment in Ireland: the Scarring of a Generation', *Studies*, Vol. 100, No. 397, Spring 2011.
9. The legislation enacted since 2008 includes: **No. 18/2008** – Credit Institutions (Financial Support) Act 2008; **No. 1/2009** – Anglo Irish Bank Corporation Act 2009; **No. 5/2009** – Financial Emergency Measures in the Public Interest Act 2009; **No. 12/2009** – Finance Act 2009; **No. 13/2009** – Financial Services (Deposit Guarantee Scheme) Act 2009; **No. 14/2009** – Financial Measures (Miscellaneous Provisions) Act 2009; **No. 34/2009** – National Asset Management Agency Act 2009; **No. 41/2009** – Financial Emergency Measures in the Public Interest (No. 2) Act 2009; **No. 5/2010** – Finance Act 2010; **No. 7/2010** – Euro Area Loan Facility Act 2010; **No. 16/2010** –European Financial Stability Facility Act 2010; **No. 23/2010** – Central Bank Reform Act 2010; **No. 36/2010** – Credit Institutions (Stabilisation) Act 2010; **No. 38/2010** – Financial Emergency Measures in the Public Interest Act 2010; **No. 6/2011** – Finance Act 2011.
10. European Commission, *Memorandum of Understanding between the European Commission and Ireland*, Brussels: European Commission, 2010, par. 10, p. 5.
11. *Ibid*., par.10, p. 5.
12. *Ibid*., par. 12–15, pp. 6–7.
13. Commission of the European Communities, *Communication from the Commission to the European Council: A European Economic Recovery Plan*, Brussels, 26 November 2008 (COM (2008) 800 final).

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