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A dark, cruel comedy at the expense of the Irish taxpayer

By Peter Cunningham

The truth behind the crisis could push people into revolt, writes Peter Cunningham



Even Jonathan Swift, creator of *Gulliver's Travels* and Ireland's most famous satirist, would surely have hesitated before writing this scene. It is September 2008 and Ireland's hapless government, faced with an unprecedented flight of capital from the country's banking system and acting on the facts given to it, has decided to guarantee the obligations of all Irish banks.

For some of the senior executives in high-flying Anglo Irish Bank the guarantee is a cause for hilarity. Although they know that Anglo Irish is spectacularly insolvent – its bad debts, mainly from bets on property, will approach €30bn – they have suckered the government into guaranteeing their liabilities by pretending their shortfall is “only” €7bn. One executive, when asked how he came up with that amount, boasts that it was “picked out of my arse”. Howls of laughter. Think Mike Myers as Dr Evil in an *Austin Powers* movie, complete with cat and twitching little finger.

The fun doesn't end there. As other EU states, including Britain and Germany, seethe at Ireland's impromptu guarantee that is sucking funds back into the country, Anglo Irish's chief executive tells his head of capital markets: “Just take it in anyway ... stick the fingers up!” To which his colleague responds with a spirited rendition of “Deutschland, Deutschland über alles”. Both men dissolve in laughter. Think Peter Sellers in *Dr Strangelove*. Then think of the tragedy in which Ireland is about to be engulfed.

For many Irish people, the tapes of these conversations, released this week by the Irish Independent newspaper, sound like voices mocking them from beyond the grave. Anglo Irish was officially buried earlier this year, but dead too are the hopes and savings of an entire generation that long regarded shares in Irish banks as money on deposit. To such people, these recordings are further shameful evidence of how they were ruined.

By 2008, Ireland's banks were a busted flush. Although a decade-long property boom had ended in 2006, it suited no one in government or in the property-engorged bank sector to admit it. Bertie Ahern, the former taoiseach, suggested that naysayers of the property boom would be better off committing suicide.

The almost total absence of effective banking regulation would be laughable had it not been so serious. Irish business and the Fianna Fáil-led government enjoyed a long established, cosy camaraderie in which peer review or the effective implementation of basic regulations was

impossible. The result was horrific: the bankruptcy of the entire Irish banking sector involving bad debts in excess of €70bn – one of the biggest financial busts in history.

All of this disaster has been loaded on to the backs of the Irish taxpayer. The deflationary effects of draining the lifeblood of a small economy with a population of 4.5m in order to pay off huge bank debts are stark. Jobs in construction have all but disappeared, unemployment is stuck at about 14 per cent and emigration is running at the highest level for 25 years. Retail spending barely flickers. Everyone has been affected by wage cuts and reduced state spending. Pension funds have been decimated.

The shenanigans of Irish bankers and their client politicians have not, to date, resulted in the imprisonment of a single individual. None of the political figures then involved, some still prominent, has ever come forward to reveal how a sovereign government came to make a decision that would beggar its people. No one from the Irish central bank or the Department of Finance, two institutions centrally involved, has revealed the details of the decision-making process nor explained how shares in banks such as Anglo Irish continued to trade even after the guarantee. No official inquiry into what happened in September 2008 has taken place.

People in Ireland do not riot, burn buses or paralyse the infrastructure in their anger. They take bad news in grim silence, perhaps the result of centuries of silent forbearance. This may change. The statement this week by Taoiseach Enda Kenny that an official inquiry will now be set up, even though the contents of these tapes have apparently been known at an official level for four years, sounds increasingly desperate and has done little to placate public anger. The Anglo Irish tapes may mark the long overdue beginning of a sense of Irish outrage.

The writer is the author of 'Capital Sins', a novel set during the Irish financial crisis