

Philanthropy Ireland
Dublin October 14th

Michael O'Sullivan

author of 'Ireland and the Global Question',
co-editor of 'What did we do right?'

State of the nation

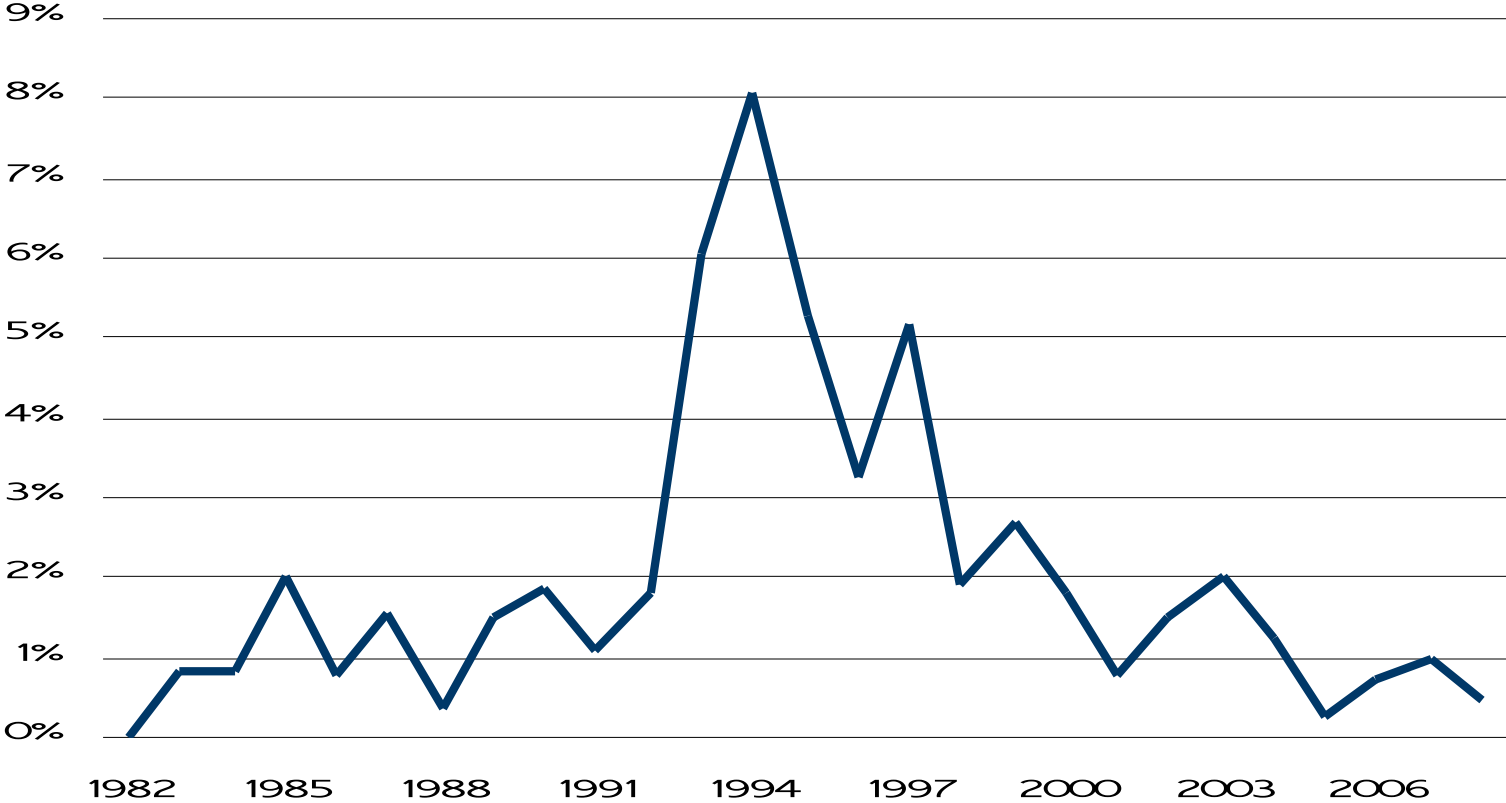
'Men, it has been well said, think in herds; it will be seen that they go mad in herds, while they only recover their senses slowly, and one by one' Charles MacKay

Lundi j'achetai des actions;
Mardi je gagnai des millions;
Mercredi j'arrangeai mon ménage;
Jeudi je pris un équipage;
Venredi je m'en fus au bal;
Et samedi a l'Hôpital

Great Bubbles and changed societies

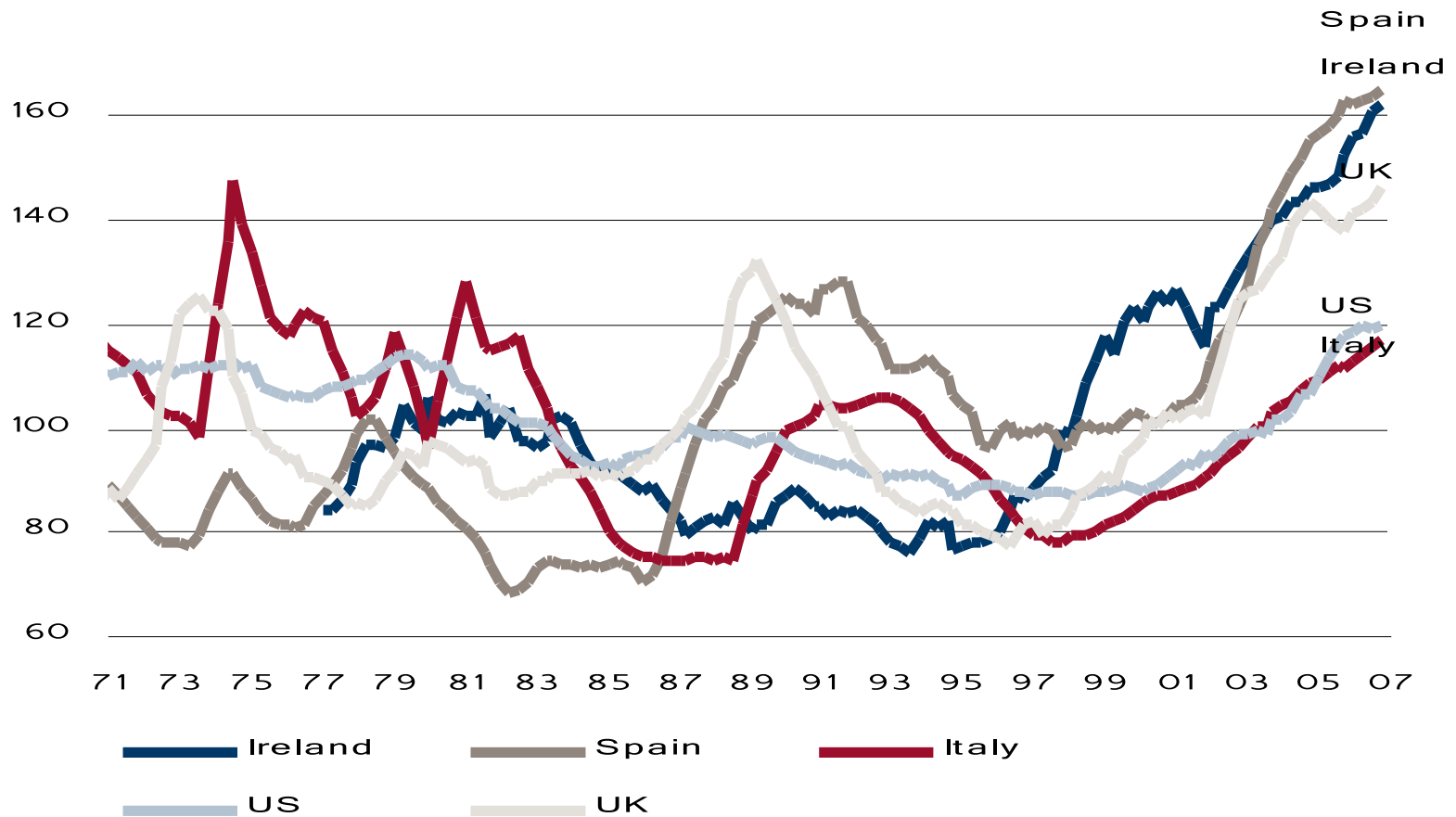
- the new rich serving soup in a church offertory basin, sugar being dispensed from an incense burner and salt from chalices'
 - 'the worst about the Irish is that they become corruptible as soon as they stop being peasants and turn bourgeois' – Friedrich Engels
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Bubble appears in Irish golf club growth



— Annual growth in number of golf clubs

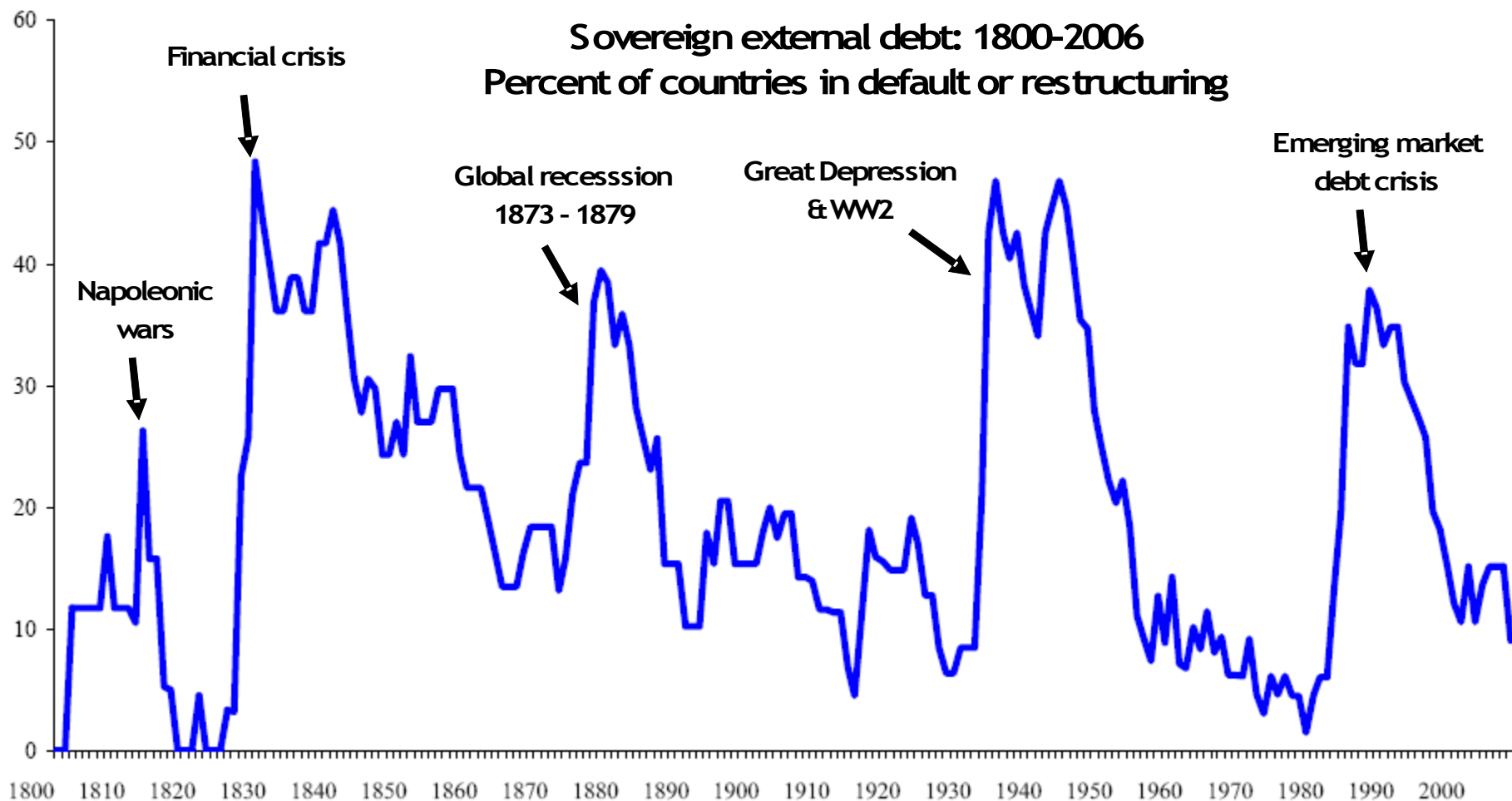
Pain is where the leverage is



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

Source: Bloomberg, Credit Suisse / IDC

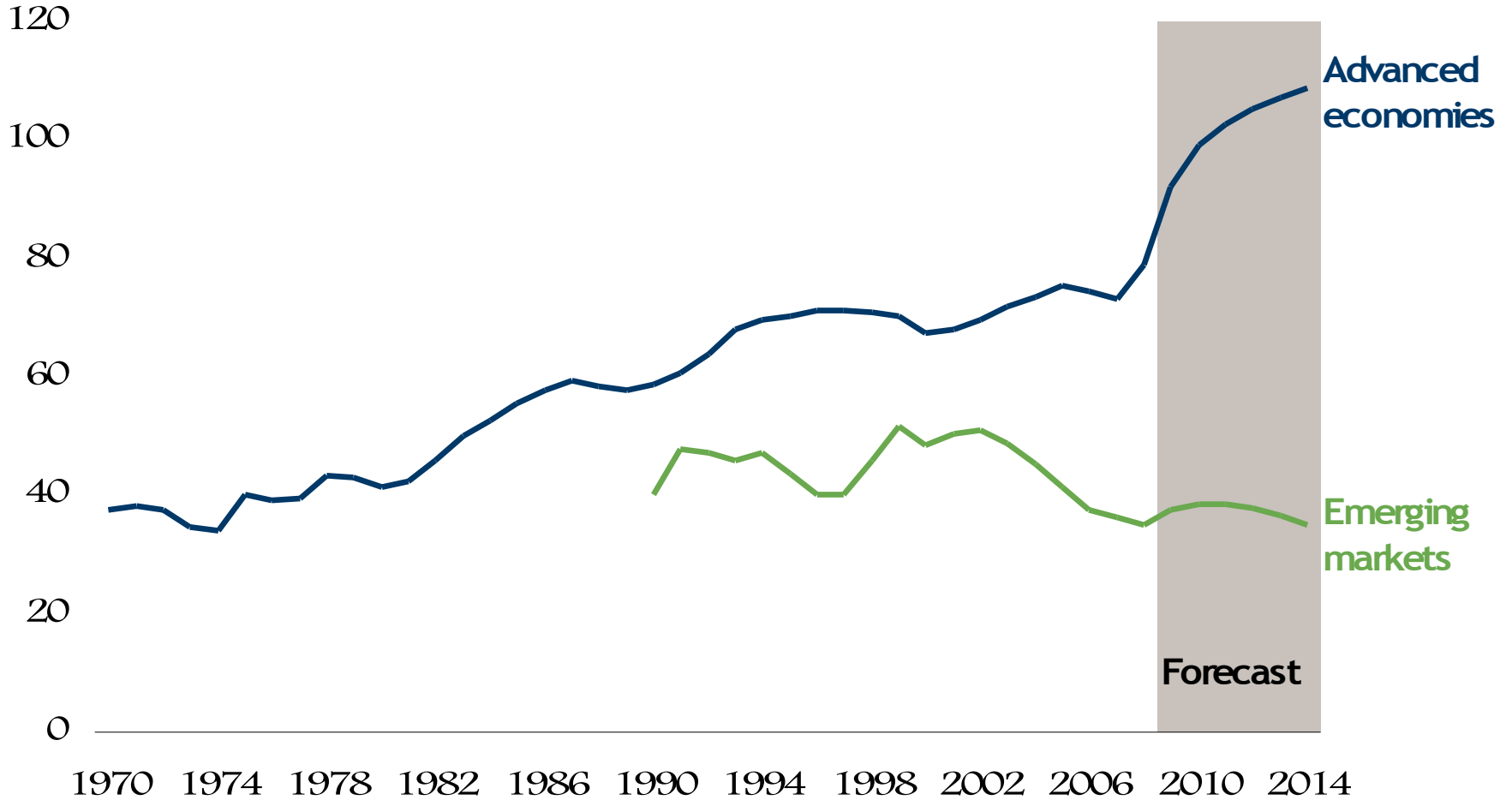
Only wars and banking crisis bankrupt states



Source: Reinhart & Rogoff, "This Time is Different: A Panoramic View of Eight Centuries of Financial Crises"

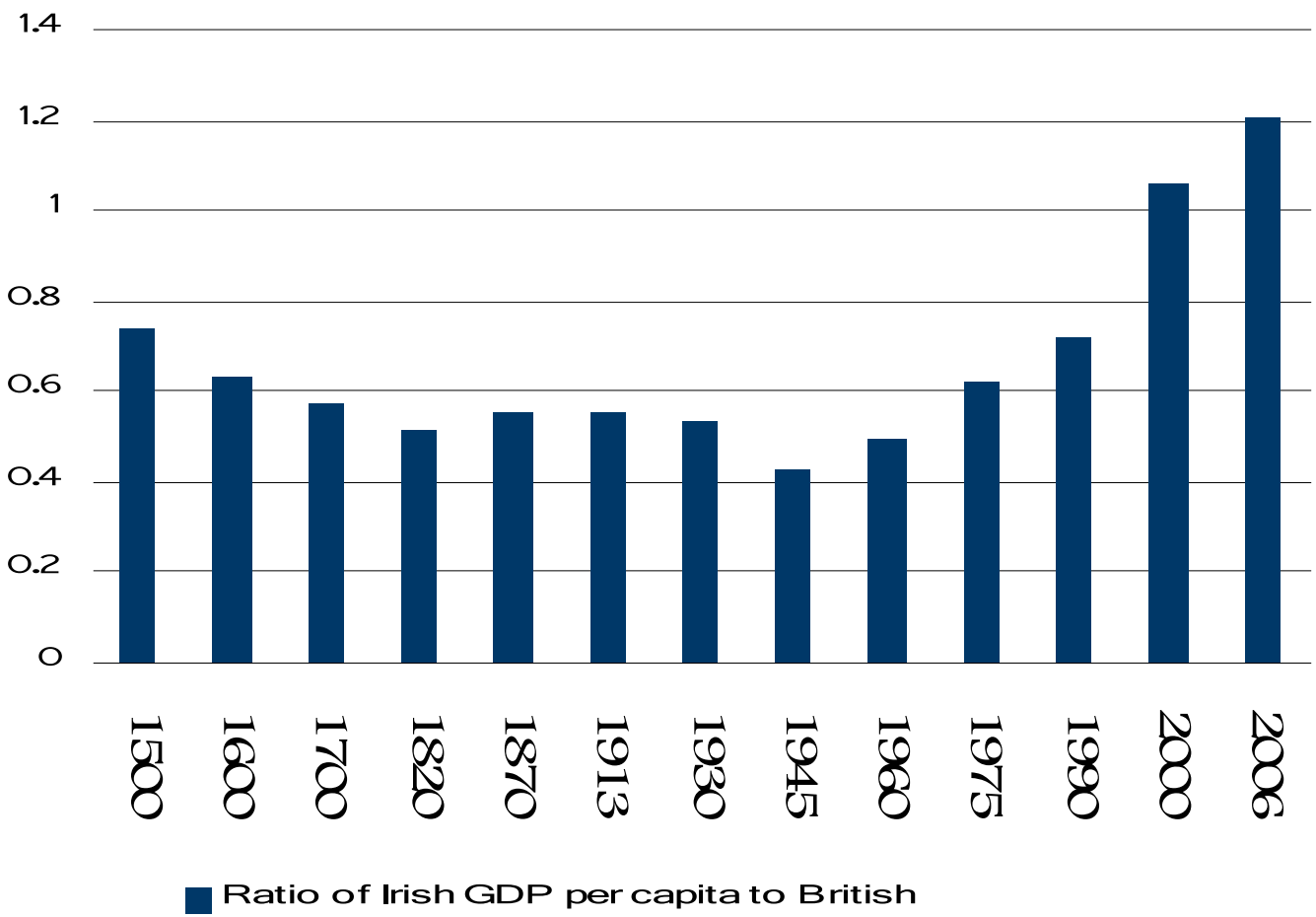
This is what the banking crisis will do

% of GDP



Debt to GDP ratio

The Great Transformation – over and over again



Source: Angus Maddison

The Global Question

‘Small states must rely heavily on the quality of their strategic thinking to counter their vulnerability to international influences’ JJ Lee

There is no plan, strategy or national vision

A guarantee of religious and civil liberty, equal rights!

Happiness and prosperity?

Cherishing all the children equally!!

This is the most important period in the history of the State since the 1920's

What do 'foreigners' really think of us?

'What did we do right?'

What did we do right?

- Intangible Infrastructure

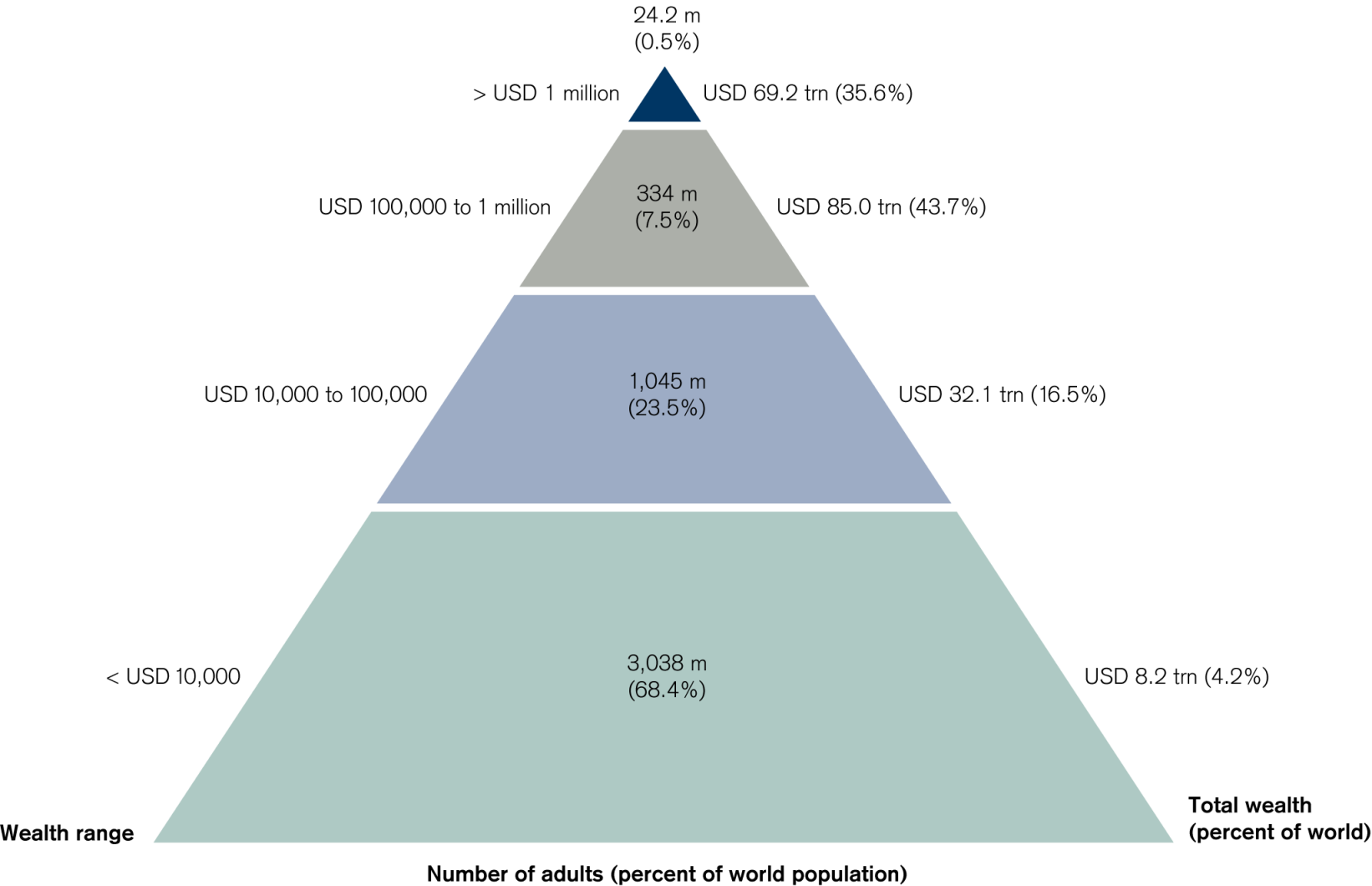
- 'Little else is requisite to carry a state to the highest degree of opulence from the lowest barbarism but peace, easy taxes, and a tolerable administration of justice: all the rest being brought about by the natural course of things' – Adam Smith



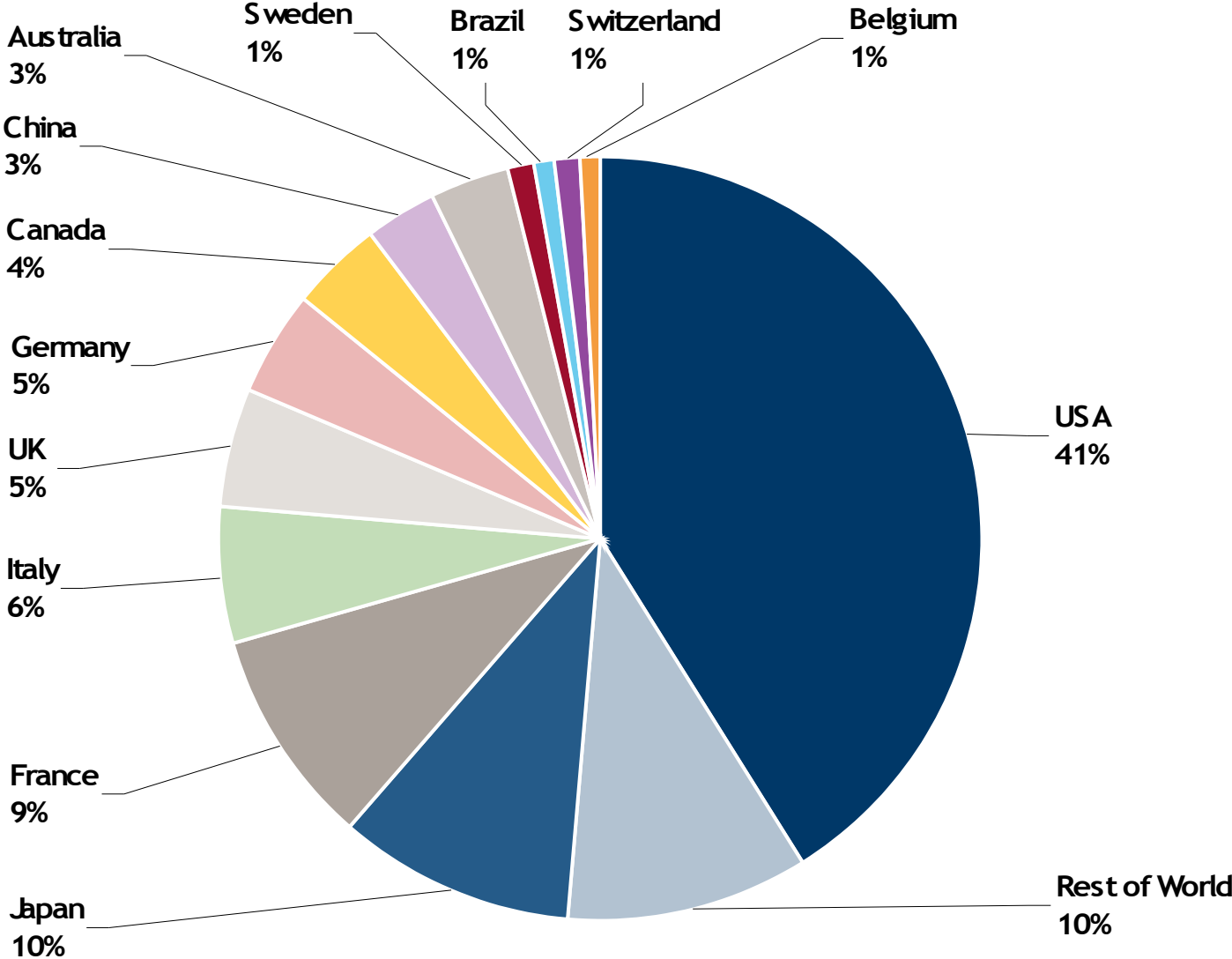
Philanthropy

Where will the money come from?

Wealth Pyramid

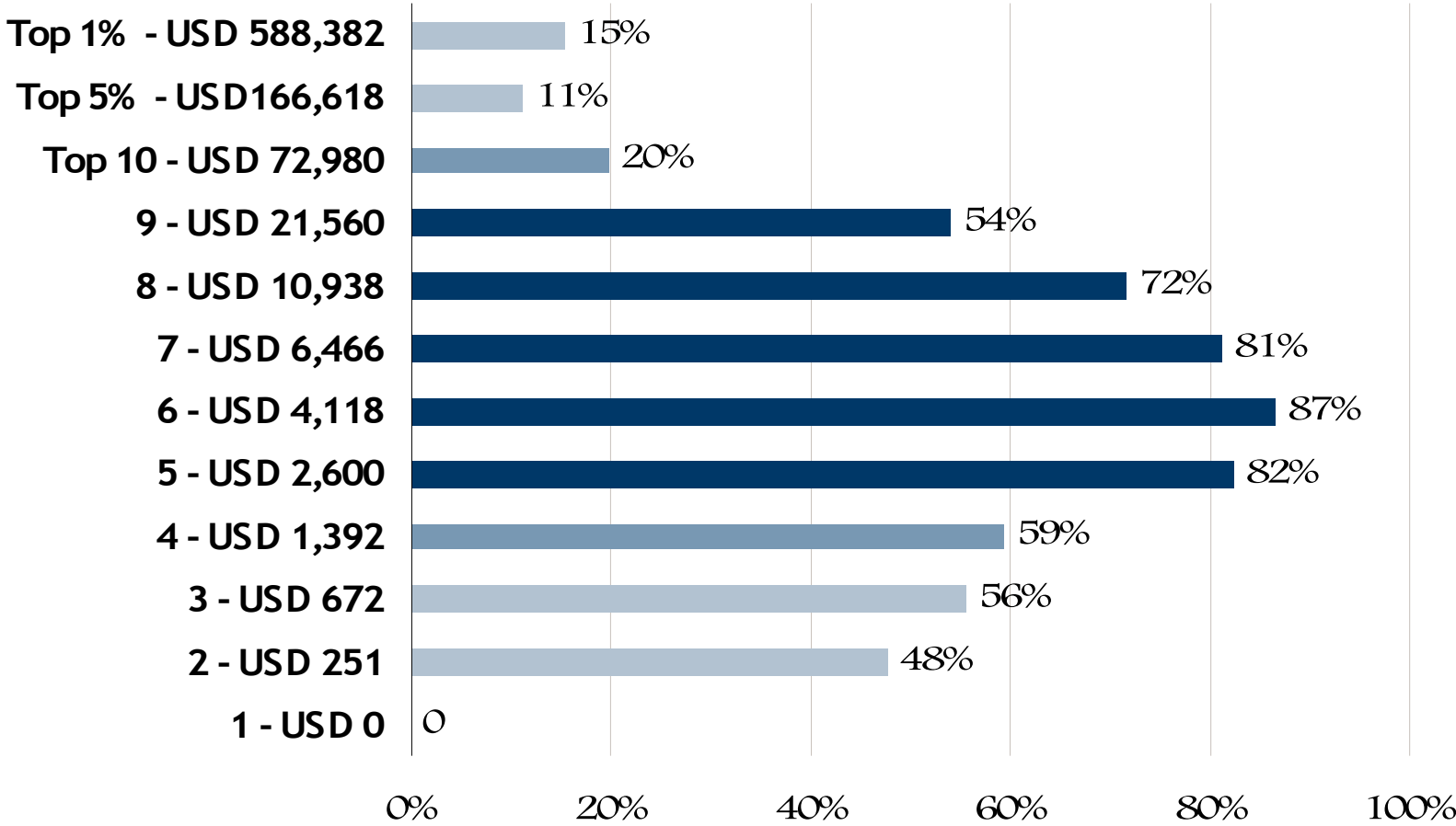


Dollar millionaires by country



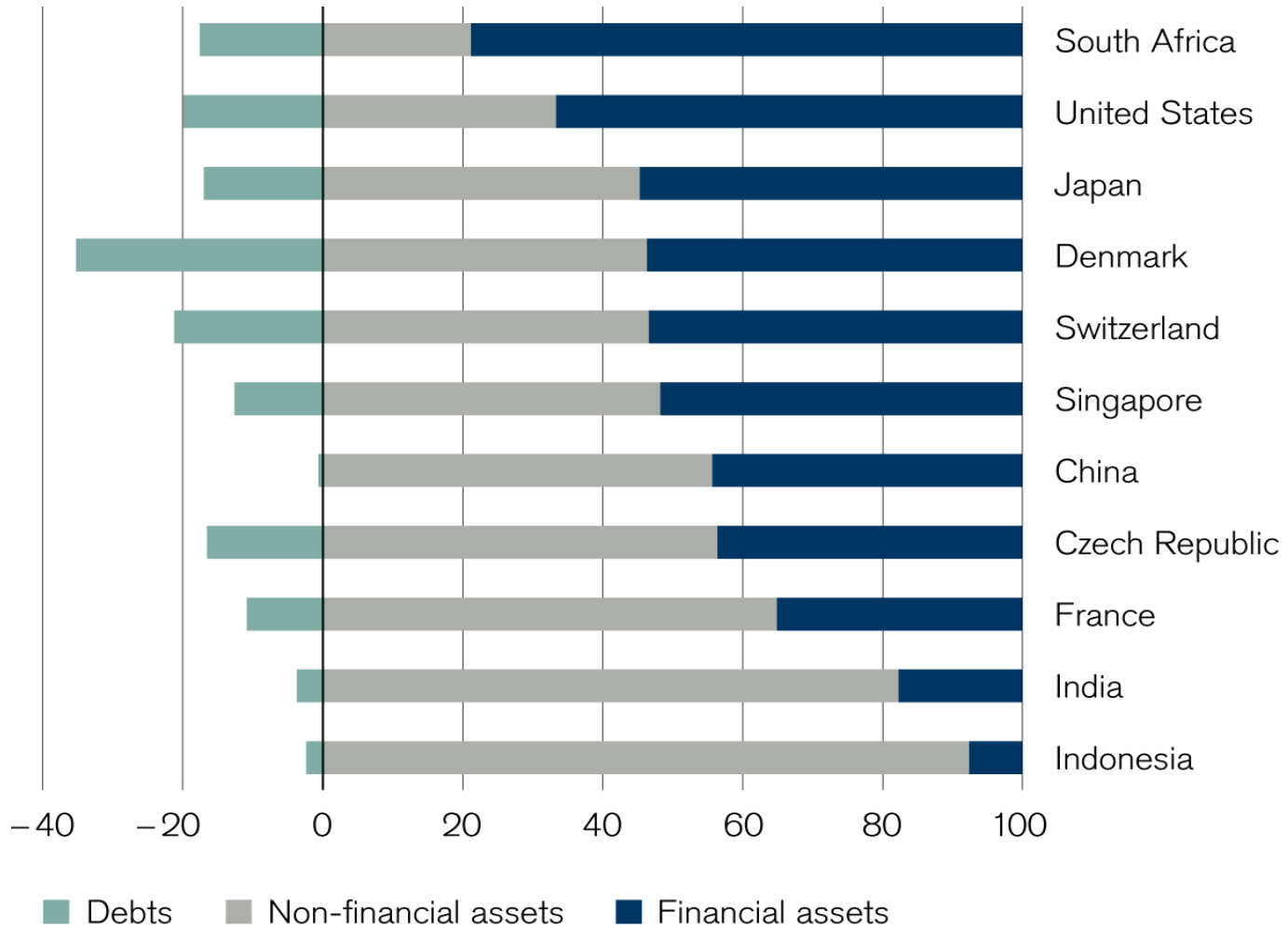
Growth in wealth 2000 - 2010

Decile and minimum wealth in 2010

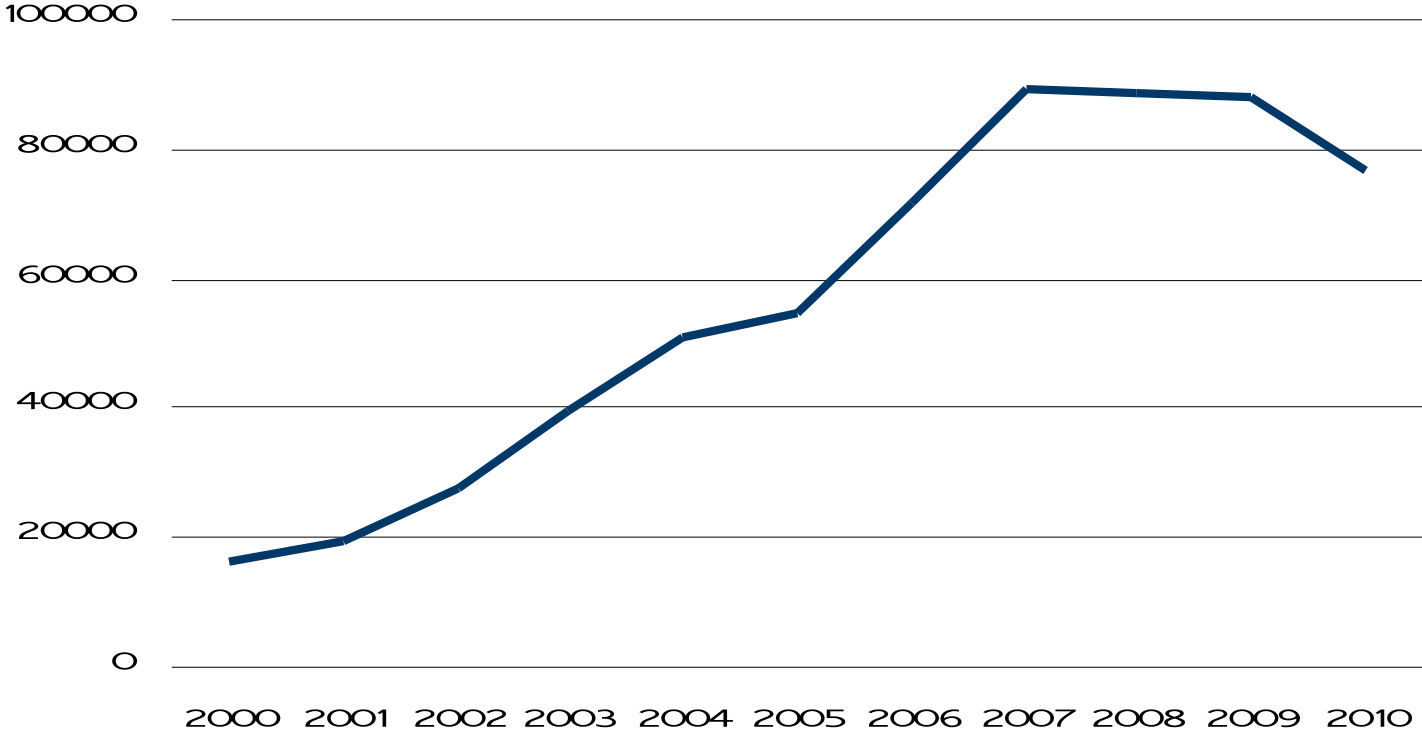


Bars show 10 year % growth of decile lower bound

Asset composition in selected countries

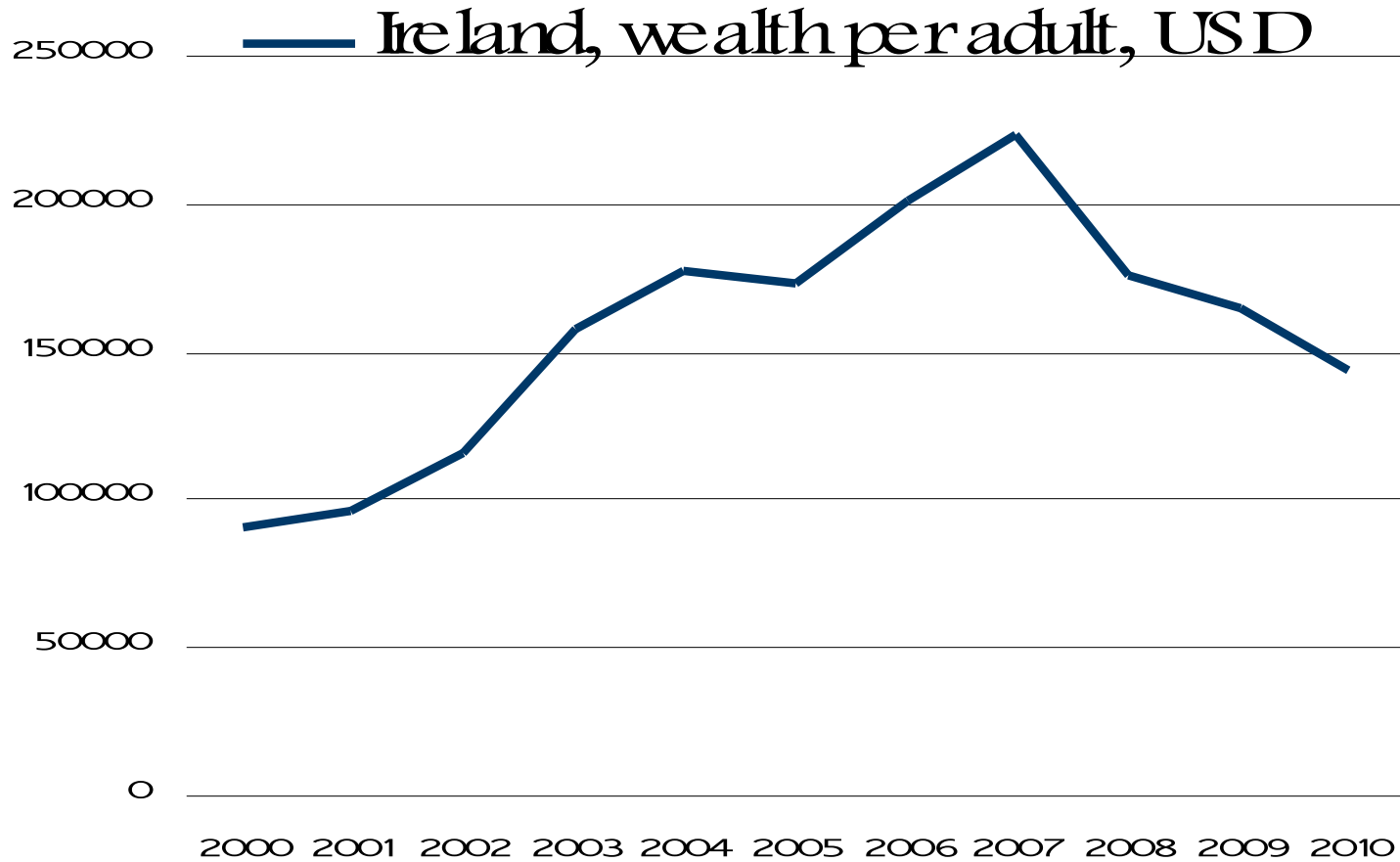


Debt per adult

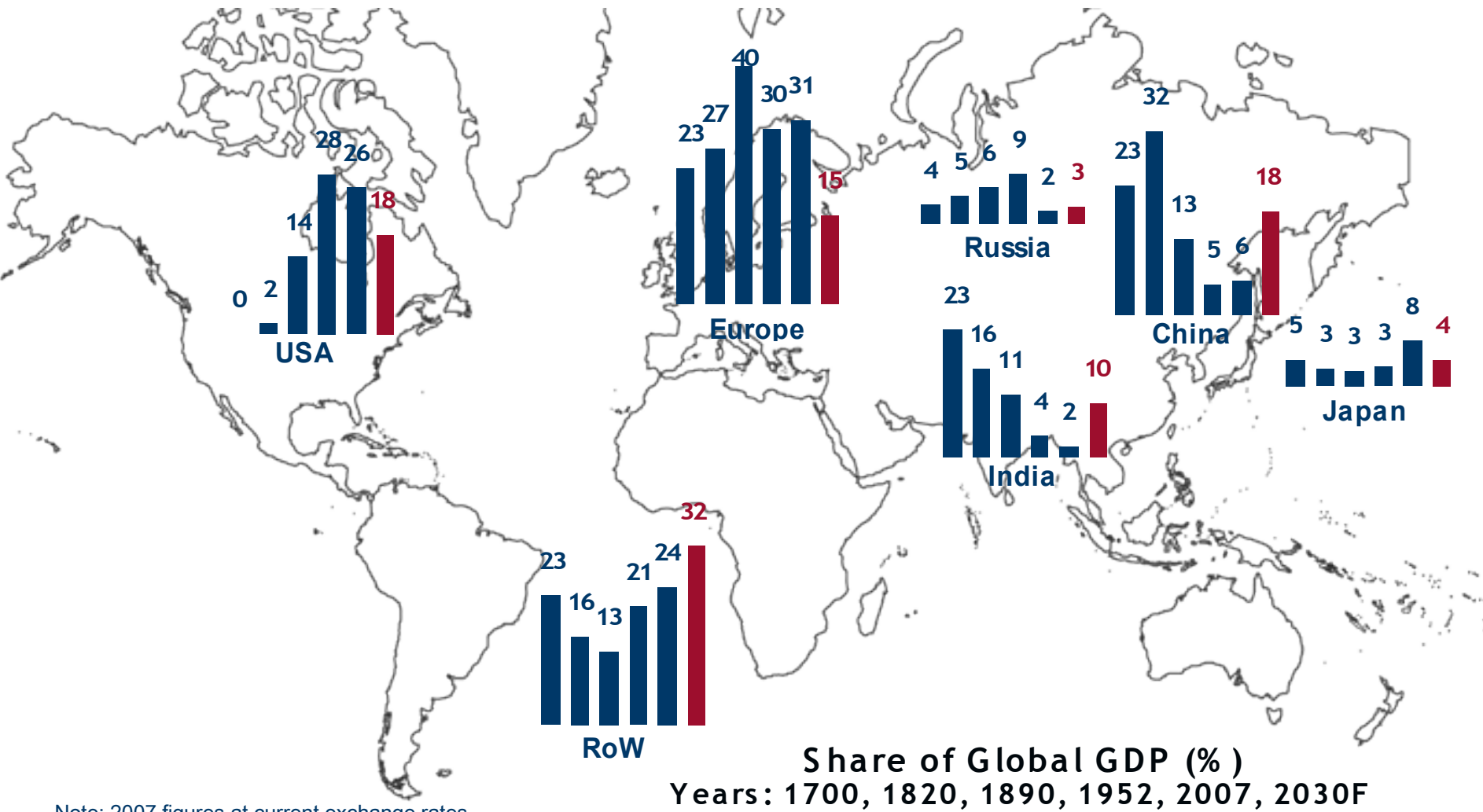


— Ireland, debt per wealth, USD

Asset composition in selected countries



The World Economy – 1700 to 2030



Note: 2007 figures at current exchange rates

Source: Angus Maddison, IMF, Credit Suisse

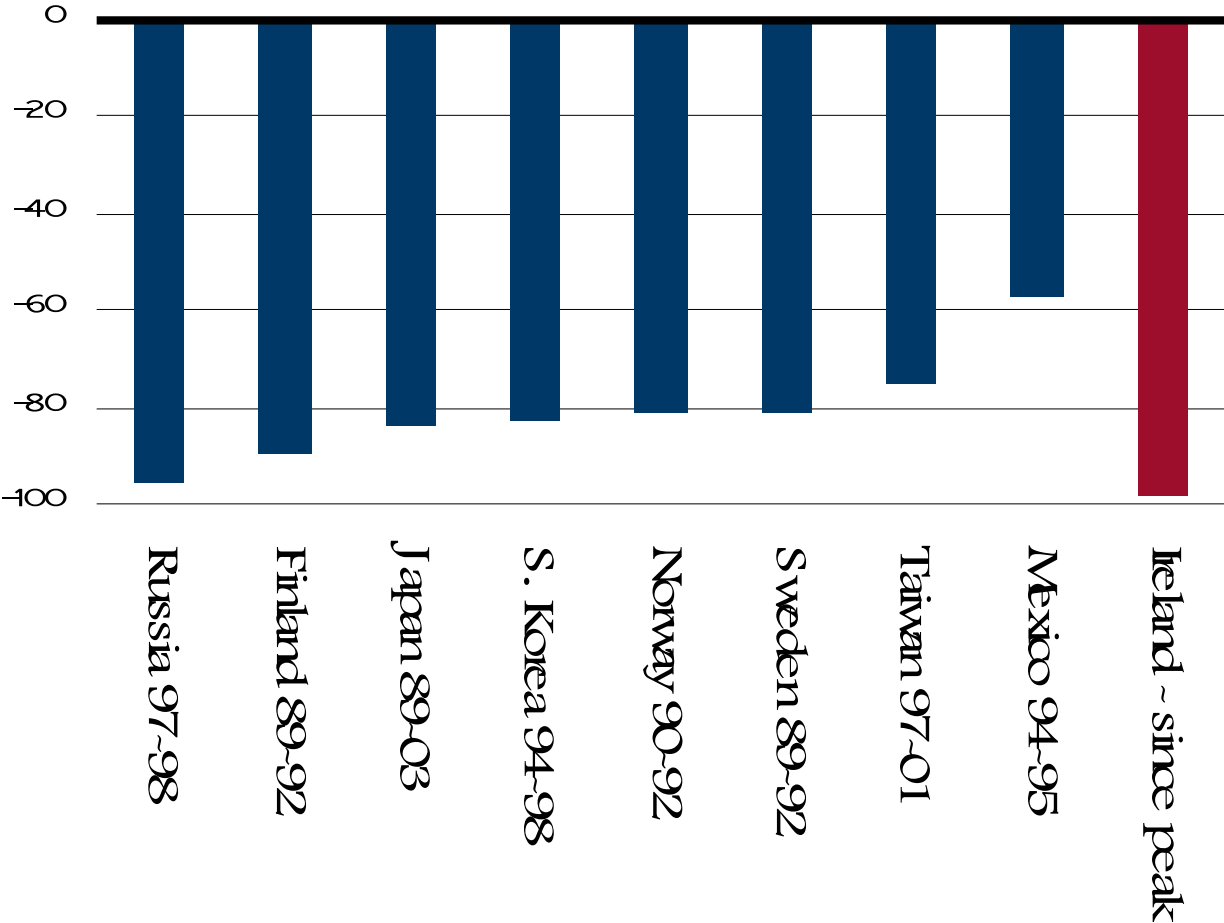
What's next?...honestly

- depression and discovery
 - Where will growth come from?
 - Where will the money come from?
 - Move from financial and economic phases of the credit crisis to the social and political
-

IMF on Crashes and Bubbles

- Recessions associated with crunches and busts tend to be longer and deeper
- Credit crunches and asset busts are associated with substantial declines in credit and asset prices
- While output can recover during a credit crunch or housing bust, (residential) investment drops significantly.
- In these cases aggressive monetary policy is normal (Ireland has the opposite), and higher govt consumption.

Casino economies – banks and market crises



✂ Source: DataStream, Credit Suisse

Rebuilding

- 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
-

The Second Republic*

*Irish Times, 14th April 2009, and in 'Ireland's Economic Crisis – time to act' – Glenties Summer School, July 2009.