

How did austerity affect Ireland

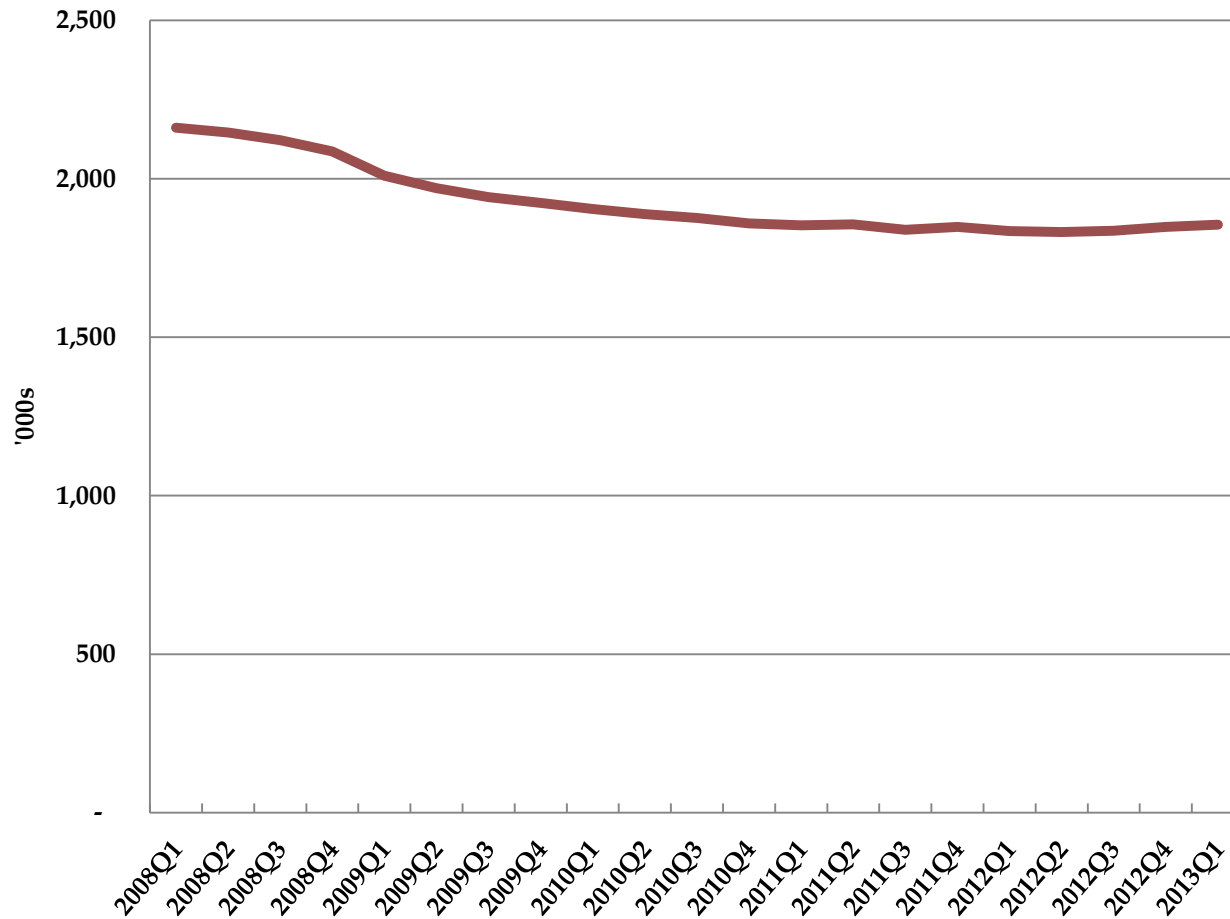
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Research for new economic policies

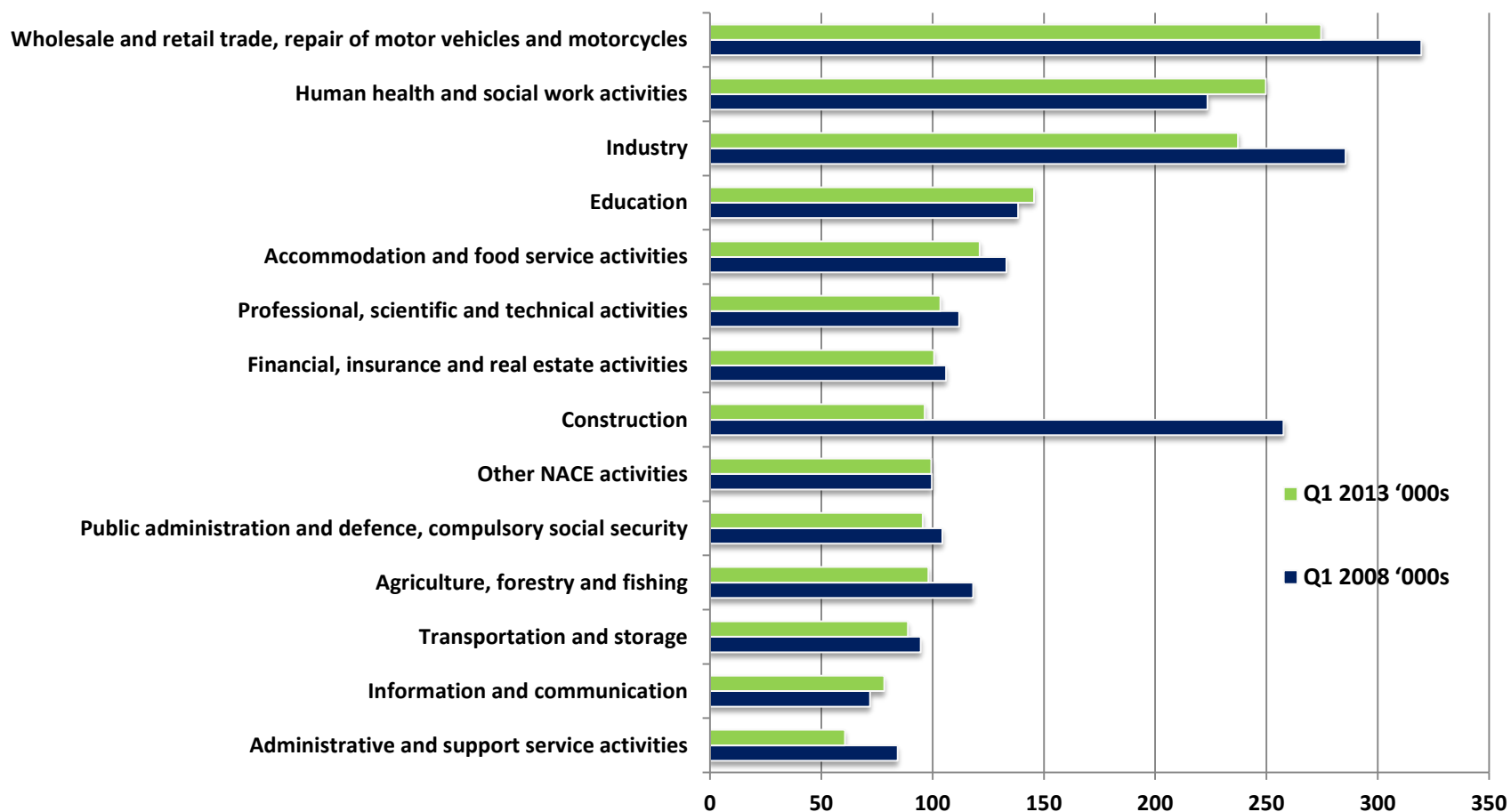
Ireland had a huge fall in employment (1 in 7 jobs lost)



Two main causes

- Bursting of construction bubble/banking
 - Costs between 33% and 50% of GDP (Finland 8%)
- Austerity

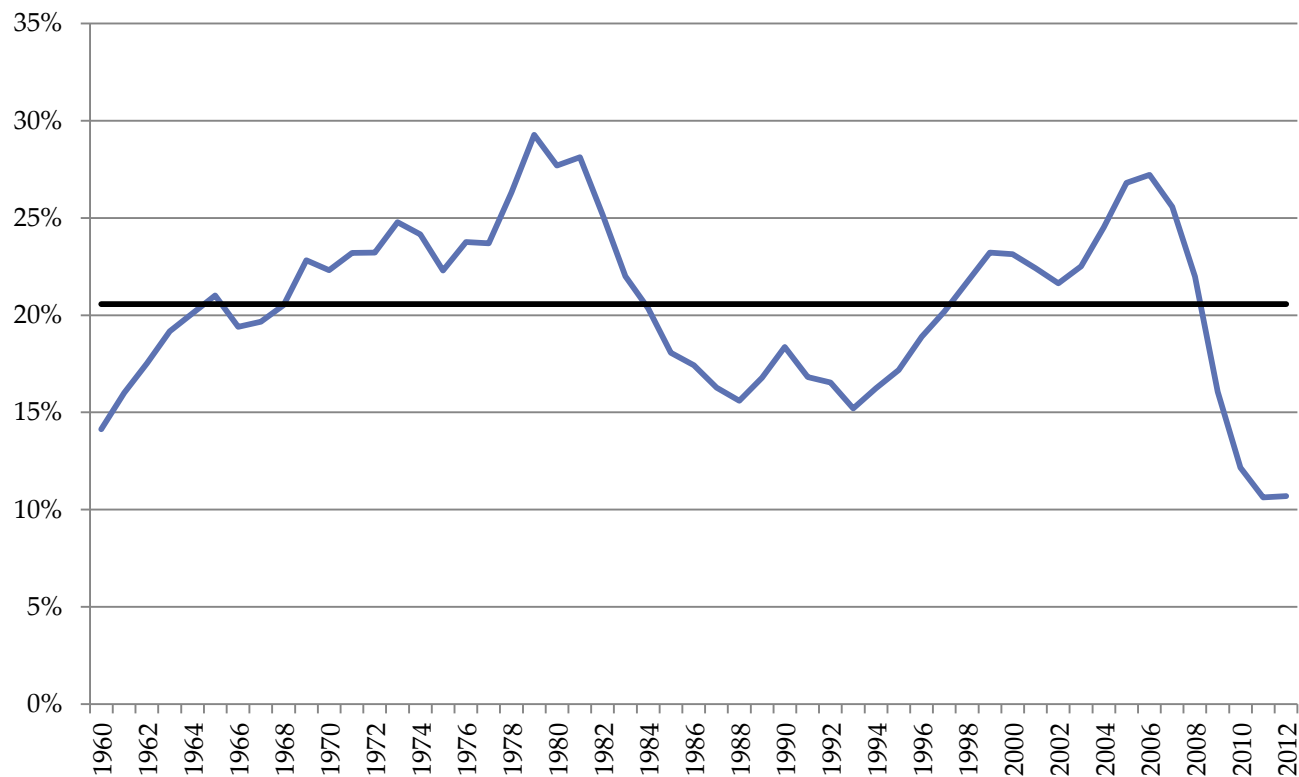
Construction was hardest hit



Retail also hit

- Between 2008 and 2011
 - 10% of jobs lost
 - Wages per worker down 4.3%

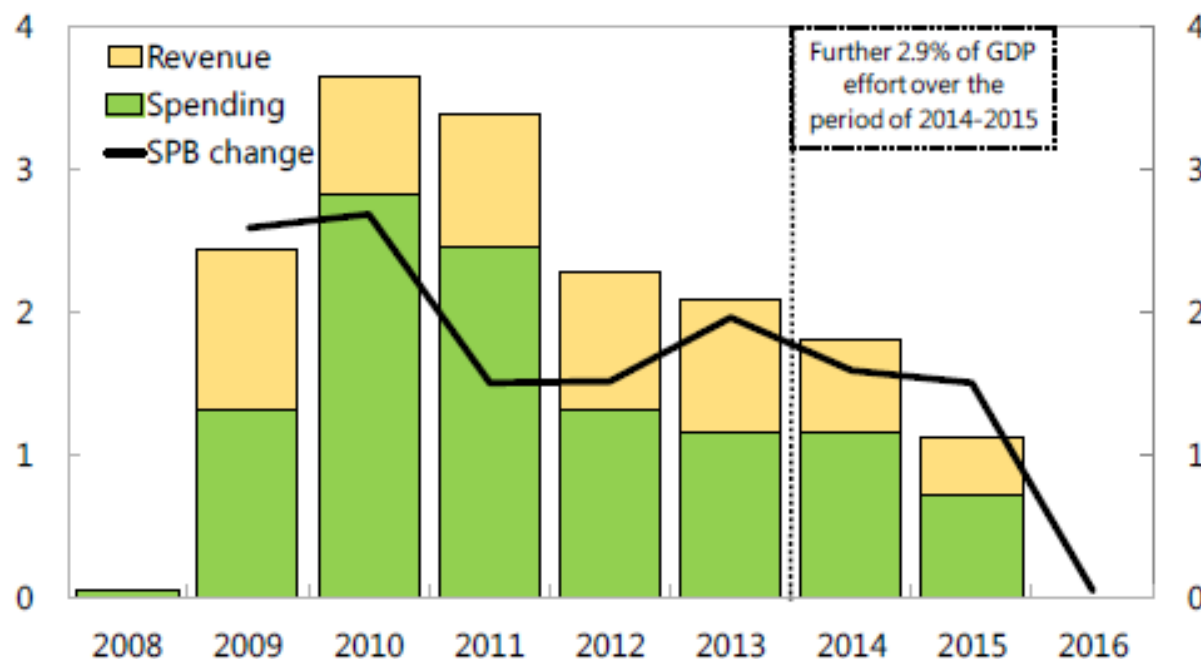
Historically low investment



How much austerity was there

Composition of Fiscal Consolidation

(Percent of GDP)



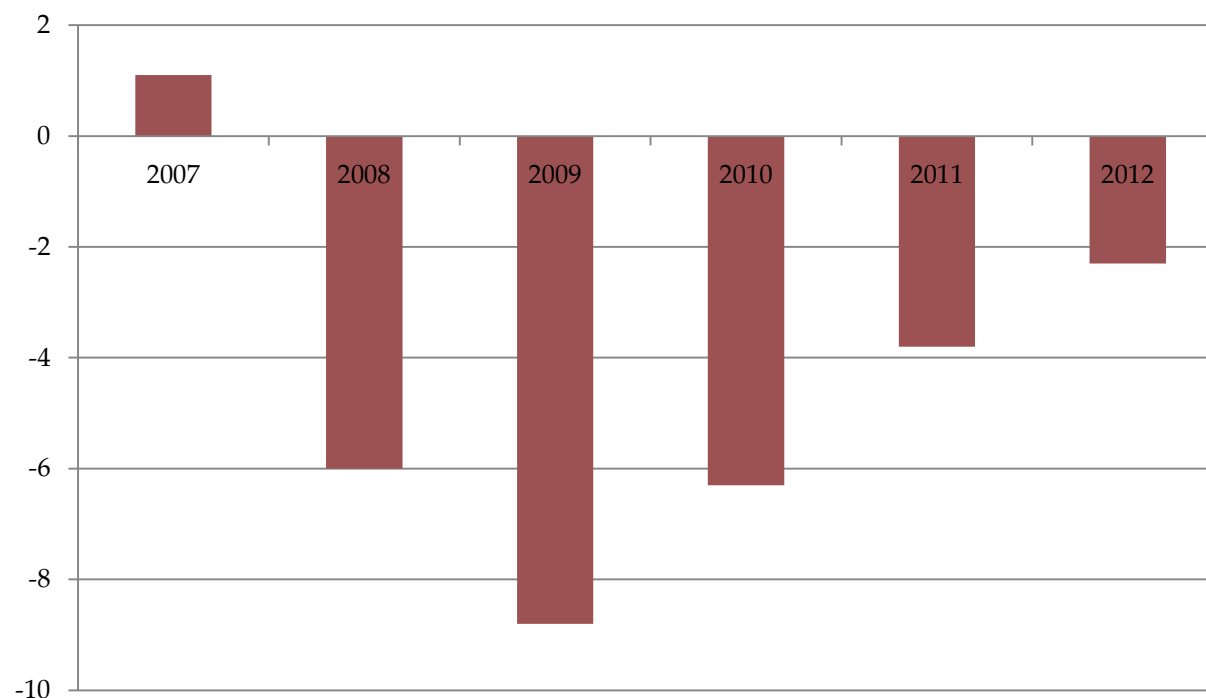
Source: IMF staff estimates.

SPB denotes structural primary balance ratio.

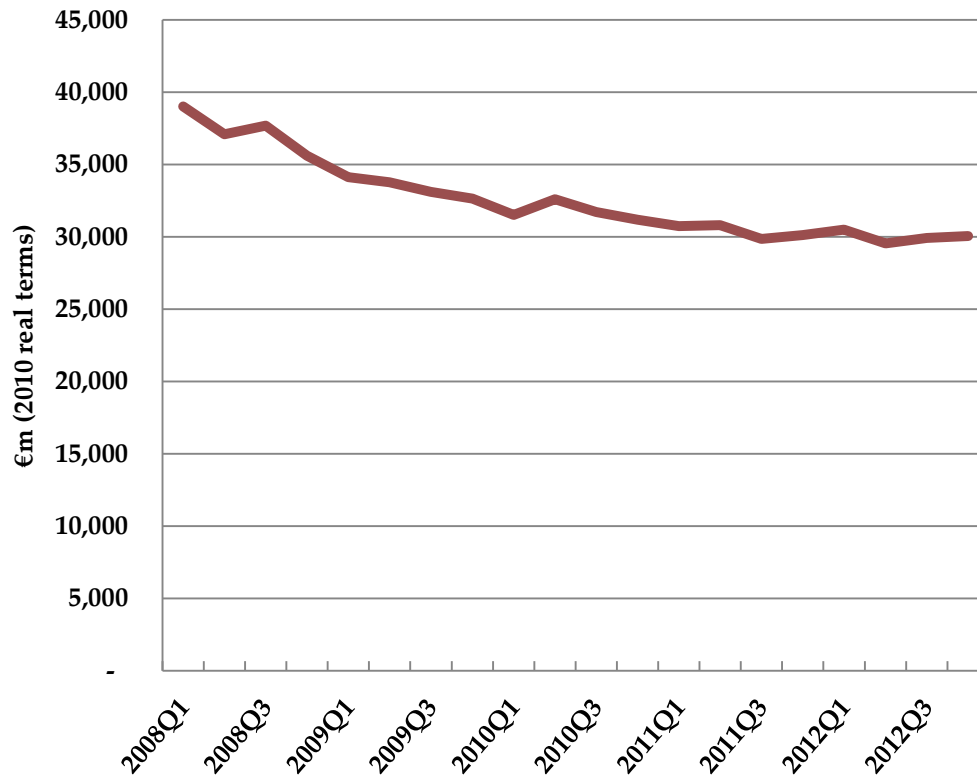


Austerity and the deficit

Primary underlying deficit (% GDP)



How did austerity affect the domestic economy





Price Deflation



Effects due to austerity

- ESRI look at 2010 to 2013 (2009 not included)
- They say budgets reduced inequality (does not account for job losses or loss of services)
- Austerity reduced
 - jobs by 3.5% (65,000)
 - The economy by 3.2%
 - Private consumption by 7.1%

Conclusion

- Construction bubble burst
- Austerity cost at least 65,000 jobs (maybe more)
- Austerity measures added to 20% of economy
- Prices still at 2008 levels

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