

EMBARGO TO 1:45PM GMT – CHECK AGAINST DELIVERY

Remarks by President McAleese at a
Breakfast at New York Stock Exchange

Friday, 21st May 2010

Good morning and thank you all for coming at this early hour. It's so good to be back in New York City where the Irish always feel completely at home.

My visit gives me a chance to speak about the current economic situation in Ireland. I am pleased to have that opportunity because under the pressure of real-time news cycles our perceptions are often formed by a simplistic headline or sound-bite. It is therefore very important that an influential and sophisticated audience such as this one has an informed overview of the Irish economy.

I do not need to rehearse in this forum the realities that face the global economy and many national economies including your own. The past two generations saw Ireland leave behind a protectionist and underachieving past and rapidly enter the world of the global market-place. It has been very successful in that market-place, attracting high-end foreign direct investment, much of it from the United States and cultivating a new indigenous entrepreneurial sector which has returned the compliment by investing significantly here. But the trajectory of growth has felt the temporary braking effect of the global financial crisis and consequent economic downturn. This was exacerbated by domestic factors arising from a heavily over-inflated property market and poor banking practices. These factors have impacted heavily on government revenues, our domestic banking system, on jobs and on every household budget in Ireland. Today we are under no illusion regarding the severity of the correction we have experienced or the scale of the response required to address it.

We have already taken strong steps on the three prongs of our recovery plan – stabilizing the public finances, repairing the banking system and improving competitiveness. The Irish government has taken the tough decisions needed to bring spending under control. Our plan to reduce the general government deficit to less than 3% of GDP by 2014 has been endorsed by the IMF, the OECD and the European Commission. And, due to these actions we are on course to do that, with 2010 public spending significantly less than the previous year. These cuts in public spending have had real and very painful effects on families across the country, and

people rightly feel hurt and angry that Ireland has been landed in this predicament by once trusted individuals and institutions. However, Ireland is characterized by a remarkable social solidarity and today's sense of outrage is also accompanied by a collective desire and determination to fix the problems and secure a sustainable economic future for our children.

Many of the strengths on which we built our recent success remain with us and will be important foundations for medium and long-term growth. As the only English-speaking member of the Eurozone, businesses located in Ireland have barrier-free access to almost 500 million consumers in the European market. We have a young, highly educated, flexible and competitively priced workforce which is proving its realism and adaptability under pressure and we have an outward looking economy which exports 80% of everything we produce. As the global economy picks up, we will feel the benefit.

And we retain the business-friendly framework – including our 12½% corporation tax rate – that together with other attractive factors, has led to over 500 US companies establishing operations in Ireland. Already this year, US companies like eBay, Paypal and Hertz have announced new investments and jobs in Ireland. Microsoft, IBM, Texas Instruments and Disney Research have recently established new R&D centres and partnerships. LinkedIn has established its European headquarters in Ireland. We are most certainly open for business, for good successful business and world business leaders like Google, Intel and Facebook recognize Ireland as the pre-eminent location for doing a high quality job well. We are also recognized as a hub of fresh thinking, a place where innovative and quality oriented people turn bright ideas into world-class goods and services.

On the banking sector, we introduced a state guarantee for most of our banks shortly after the collapse of Lehman Brothers to support the liquidity of systemically important institutions and to maintain market confidence in the system as a whole. Since then, we have nationalized one bank and re-capitalized two more. In order to deal with impaired assets on the balance sheets of the banks, the Government established a National Assets Management Agency which is now in the process of buying the riskiest loans from the banks at a significant discount on their book value. As in the US, reforming and improving financial regulation is high on our agenda and the Government has appointed a new Central Bank Governor and Financial Regulator and is putting in place a new domestic regulatory framework for the effective supervision of financial institutions and markets and to safeguard the interests of consumers and investors. Like many other

countries, public trust in banks and the financial world has been sorely damaged and a robust, credible, reform of a regulatory system is essential to the restoration of that trust. Slip-sliding back to recidivist risk-taking is not an option. The sacrifices made by the population demands an ethical response from those who in dealing in money also deal in the real lives, homes, jobs and opportunities of whole nations.

Our nation as a whole is making sacrifices to get the economy back on its feet and the good news is that these sacrifices are now paying off. Labour costs, energy costs and consumer prices are falling. These adjustments are making Ireland a significantly more competitive and attractive place for doing business. Ireland is already among the highest performing countries for rate of return on US investment and trends like these will only enhance our appeal. The global outlook is improving and the Irish economy is set to return to growth in the second half of this year. Arising from our increased competitiveness and strong export orientation, the European Commission now projects that Ireland's economy will grow by 3% in 2011 – significantly above the EU average.

Our challenge now is to match improving competitiveness with increased productivity and job creation. There, as in so many things, the watchword is innovation. A decade ago, long before the current economic crisis, we already recognized the value and importance of innovation. We trebled our investment in research and development over the last 10 years and we have recently strengthened our R&D tax credit scheme in order to promote innovation within the country. Our vision for the Ireland of the future is a smart, high value, export-led economy and we are sharply focused on this goal.

The Irish writer, Colum McCann, won the National Book Award here in New York last year for his novel, "Let the Great World Spin". It is a breath-taking portrayal of the lives of many ordinary people for whom their day-to-day struggle is like walking a tightrope. Colum set out, in his own words, to "create a piece of art that talks to the human instinct for recovery and joy." The novel is set here in New York City, a city which, according to Colum, keeps going forward because "it would dissolve if it ever began looking backward over its own shoulder." In Ireland we also have our sights set firmly on the future. We know that if we want to compete in a global economy and we do, we cannot afford to stand still and that there is little advantage in only looking over our shoulders, though the bitter lessons from the past will undoubtedly guide our path ahead. With economic growth now in sight, we trust that the future will bring to

the Irish people the “recovery and joy” Colum McCann has written about. We want that same recovery and joy for our friends and partners and markets here in the United States.

It is important to us that the markets fully appreciate the progress Ireland is making, the determination it has and the advantages it has on offer. Our message is clear: the fundamental strengths that drove our economy in the 1990s are being renewed; the frailties that weakened our economy in the last few years are being addressed and corrected; we have a robust plan for recovery and growth; and that plan is working and will yield positive outcomes in the period ahead

I am very conscious that, over the twelve years that I have visited New York as President, mostly when I talked about a plan, it was the plan for peace that I was referring to. One of the major future advantages that Ireland has today is that the Peace Process has defied all the vanities and failures of history to become a remarkable success story and one with huge potential for the future of the island of Ireland. This generation brought to a centuries old and intractable conflict a new sense of urgency, a capacity for compromise, radical thinking and innovation and a willingness to engage the help of friends in order to set history on a new and more optimistic course. Our remarkable global Irish family, especially here in the United States, made a huge investment in that peace and still does. It is also strongly implicated in our economic and cultural future both informally and more formally through initiatives like the new Irish Innovation Centre in Silicon Valley, the new Irish Arts Centre here in New York and the Global Irish Network formed in the wake of the Global Irish Economic Forum hosted last year in Dublin by the Irish Government which brought together a formidable think tank of the most influential and successful members of our global community. Quite simply, we are truly fortunate that thanks to generations of outward migration, at a time of international recession, we can call upon the support and ingenuity of businessmen and women who are Irish or of Irish extraction. Their willingness to help has been remarkable and is emblematic of the legendary capacity of the Irish for pulling together in adversity. Many more we hope will take up the invitation from Tourism Ireland to make ‘This is the Year to Come Home.’

As that most famous of New Yorkers President Franklin D Roosevelt, once said, “the only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith.” That’s what we did together in Northern Ireland with the help of our friends here in the

US and elsewhere. That's what we are doing to overcome the economic challenges we face now. Go raibh míle maith agaibh go léir.