Joint Committee of Inquiry into the Banking Crisis

Witness Statement of

John Gormley

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1 See s.37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013
Chairman and Committee Members,

I would like to thank you for giving me the opportunity to address the Banking Inquiry Committee on these important issues. I hope that your valuable work will add to the store of knowledge on this subject contained in the Regling and Nyberg Reports, and that lessons can be learned. Having said that, I fear that an economic and political system that promotes economic growth at all costs will always be prone to boom and bust cycles and ecologically unsustainable.

Mr Chairman, I became leader of the Green Party in 2007 following the resignation of Trevor Sargent. At that stage the Green Party had already decided by an overwhelming majority of its members to participate in a coalition government with the Fianna Fail party.

While we were the only party that based our 2007 election manifesto on a forecast of reduced growth, I don't think anybody in the party could have predicted that our term in government would coincide with the worst economic crisis and recession that this country has ever had to endure. The Green Party did not in any way cause the recession, but in government we had a collective responsibility to extricate our country from the crisis. This involved making the most difficult political decisions that any small party has ever had to make. It's a fact that two thirds of what is known euphemistically as the ‘fiscal adjustment’, which led to the recovery, was made by the Green Party in government. The Green Party TDs and Senators voted for these cutbacks and tax increases, convinced that this was the correct course of action, while also knowing that it would lead inevitably to electoral annihilation. I'm proud of the dignified way that the Greens conducted themselves during this time of adversity. I'm also proud of the fact that the Green Party insisted that every one of the austerity budgets we negotiated and voted for was ‘progressive’, i.e. each budget hit the wealthier members of our community proportionately harder than the less well off. This has been confirmed by subsequent studies of the various budgets by the ESRI. This is not to imply that the cutbacks were painless. They were not. Large sections of the Irish people suffered hugely because of the austerity measures, and I regret that we were forced to make these decisions.

I believe our economic and financial problems were caused by a combination of factors, which include: banking deregulation and poor oversight of the financial institutions, a property bubble fuelled by reckless lending practices and irresponsible land re-zoning, huge increases in public spending, over-reliance on property and construction-related taxation, alongside inappropriate reductions in some taxes. The globalisation of
banking and interbank lending also led to a global domino effect.

**Planning**

I’d like now to concentrate on one of the above subjects and one which is close to my own heart: the role of poor planning in our economic crisis. Some of the Inquiry members may be aware of the report published in July 2010 by NUI Maynooth titled ‘A Haunted Landscape: Housing and Ghost Estates in Post-Celtic Tiger Ireland.’ It is a report that deserves the full attention of this committee. Let me quote from the executive summary:

‘Government has two principal levers through which it can regulate property development. The first is through fiscal policy with respect to regulating access to credit and determining taxation rates. The second is through planning policy and the zoning of lands and the granting of planning permissions. Explanations of the Irish property bubble have focused almost exclusively on the former, and the role of the banks, tax incentive schemes, and the failure of the financial regulators. To date the role of the planning system in creating the property bubble has not been considered.’

The fact is, Chairman, that corrupt and irresponsible zoning practices did play a significant role in our economic crisis. The above report asked that a Commission of Inquiry would look specifically at this matter. That may not happen, but you have the opportunity to examine it as part of your own inquiry.

During the so-called boom years, the Green Party representatives on local councils and in the Dail tried at every turn to highlight the problems of poor planning. On entering government, we resolved to introduce a more evidence-based and sustainable planning system. As Minister I enacted new planning legislation and intervened at local level in a number of cases of poor planning practice. I also initiated a number of reviews of local planning following complaints and allegations by members of the public. The Green Party also insisted on a Windfall Tax on the unearned benefit to landowners of rezoning land. All of these measures were designed to counteract the poor practices which had led to the crisis, and I am convinced that had they been in place earlier, the property bubble would not have inflated to such an extent and the severity of the economic crisis would have been much reduced. Regrettably many of these measures have been undone by the current government.
Banking

On the question of banking, the Green Party was to the fore in directly criticising the lending practices of the banks. Our then Finance spokesperson, Dan Boyle, recalls in a book he published on our time in government, a meeting with the Irish Banking Federation in 2006. He attended the meeting along with the current leader of the party, Eamon Ryan. I'd like to quote directly from the book:

'We brought up the question of the efficacy and economic sanity of issuing 110% mortgages, and the general lack of sustainability that seemed to exist in property market; a market the banks seemed intent on inflating further. The response to our concerns was both arrogant and condescending. We didn't understand banking, we were told, besides which the market would correct itself in a relatively painless manner.'

Early in our term in government, I recall at a pre-cabinet meeting in the Taoiseach’s office at the time of the Northern Rock collapse, asking the then Finance Minister, Brian Cowen, if our banks were sound. He told me that there was no problem with our banks and that they ‘well-capitalised’. I had no hard evidence to suggest otherwise, but a nagging doubt persisted, based on nothing more than intuition.

It was clear that the Lehman’s collapse would have knock-on effects, and I asked Minister Lenihan if there were contingency plans here. In these snatched conversations in the Ministerial corridor, he told me that matters were ‘in hand’. I got the impression that Finance were working on a plan, but I had no idea that they had been working on it for an extensive period of time, as indicated in the evidence of Kevin Cardiff.

I tried to keep myself informed on the crisis during those two weeks. I was particularly interested in the views expressed by David McWilliams. I knew David vaguely through mutual acquaintances and he had visited me in Leinster House and the Custom House. He also been a severe critic of the reckless lending practices of the banks which he predicted correctly would lead to a housing bubble. I read his articles in the Sunday Business Post on the crisis with interest. He outlined a step-by-step approach to the liquidity problem in the banks. I became aware that week from a comment made to me by Minister Lenihan that he had also been in contact with David McWilliams. I did not know the extent of that contact until David McWilliams published details in a subsequent book.

I phoned David McWilliams on his mobile while I was in Brussels, attending a Ministerial Council Meeting on September 26th. We had a long and detailed conversation on what could and should be done on the banking crisis. In his evidence, David McWilliams seemed to indicate that we had no further contact on the matter. In fact, there was an important exchange of
emails, which are included in the appendix, at the request of the Chairman. When I raised the possibility of nationalisation of the banks during our telephone conversation, he dismissed the idea out of hand. He did so again in his subsequent email to me. I told him that I would raise the matter with the Taoiseach and the Minister at a pre-cabinet meeting on the Sunday (28th September). I met the Taoiseach and Minister Lenihan in the ‘ante-room’ opposite the cabinet room.

My memory of that meeting was that it was short and rushed, with both of them arriving late and wishing to go directly into the cabinet meeting. I passed them the article written by David McWilliams and mentioned his proposals. There was cursory acknowledgement of the points, but neither of them indicated that there was to be a meeting with bankers the next day. The first indication I had of such a meeting was when I got a phone call from Minister Lenihan at about two o’clock on the morning of the 30th. I had a brief conversation with Minister Lenihan. He explained to me the urgency of the situation. He said that this was an incorporeal cabinet meeting, but that I was welcome to come into Government Buildings, if I wished. I told him that would not be necessary if we were going with the ‘David McWilliams option’. He confirmed that was what was being proposed. As this had been the basis of our previous discussions I was satisfied to give my consent to a Government decision to publish legislation to give effect to the guarantee.

Early that morning I emailed David McWilliams with the news. When he replied later on that day, he was particularly pleased that the markets had reacted so positively to the guarantee.

Mr Chairman, I’d like it noted that I was grateful for David McWilliam’s input. He did not know, nor did I, that we were dealing with an insolvency problem. Even on that day the 30th of September, Minister Lenihan told us that the guarantee was the best way to deal with the liquidity problem.

Events post September 2008

Following the guarantee decision in September 2008 the Green Party maintained a close involvement in the government banking and budget strategy. Responsibility for dealing with these matters in government was assumed by my colleague, Eamon Ryan. What follows is based on contemporaneous notes taken by Eamon Ryan, and I believe it would be in the interest of the committee to interview him separately, as he had a more direct involvement in these matters.
4th Quarter 2008

We were informed by Minister Brian Lenihan of the extent of losses that Sean Quinn had accumulated through the purchase of Anglo share options. and about the uncovering of a related share buying arrangement of the same options to try and restore the Anglo share price. In meetings with the CEOs of AIB and Bank of Ireland it was suggested that the overall loan losses within the Irish banking system would be in the order of some € 5 billion and that they were still solvent. The initial findings of the PWC reports into the loan books of the six covered institutions indicated a similar story, although the size and extent of the loans to individual developers was staggering. It became increasingly clear that the loan losses were potentially underestimated as the property market started to decline. Peter Bacon was appointed to look at possible mechanisms for dealing with these bad debt loans.

Significantly, the Green Party Chairman and Finance Spokesperson, Senator Dan Boyle, used the platform of the MacGill Summer School to outline our Party’s proposals for banking policy reform. We proposed that in future the governor of the Central Bank should come from outside of the Department of Finance and that the regulator would preferably come from outside the jurisdiction. The government later decided to implement these measures to by appointing Prof Honohan and Dr Elderfield.

1st Quarter 2009

In a meeting in the offices of the NTMA with Michael Somers former EU Commissioner David Byrne, John Corrigan, Brendan McDonagh and Peter Bacon, it was made clear that the banking crisis was evolving into a bigger national crisis. The ability of the state to raise money was now in question. The withdrawal of some € 70 billion in short term interbank deposits from the six covered banks left them in real difficulty, despite the bank guarantee, meant that insolvency was now a real prospect.

Three options were presented as possible solutions to this pressing banking problem. An immediate nationalisation was ruled out as the state would not be able to manage the loan books of all six banks at the one time. There was also still the prospect of either AIB or Bank of Ireland being solvent. (It was not certain at this stage which was in worse difficulty, but it became clear in the coming months that Bank of Ireland was in a slightly better shape. A second option was to apply the sort of insurance scheme that the UK Government had used in their own banks to deal with problem loans, but it was felt that this would not be viable in the Irish context as the UK developers were largely publicly quoted companies and therefore would be able to raise capital to turn existing bad development loans around, whereas the Irish construction sector was dominated by individual entrepreneurs who
had no recourse to similar financing to manage their indebted portfolios. The third and selected option was to initiate a state ‘bad bank’ to manage all the development loans of the covered institutions and to allow the banks to use the bonds that the state would use to purchase the loans as collateral in the ECB for emergency liquidity.

The publication of a report by the National Economic and Social Council on the five aspects of the Irish Crisis had a real influence on our thinking with regard to the resolution of the crisis. In answering their question as to whether we were more Northern or Southern European in our current circumstances, it was clear that the latter was the case, and that the resolution of our difficulties should follow the broad approach that the Swedish Government had taken in similar circumstances in the 1990's. Despite our banking and budget problems, it was clear that the underlying Irish trading economy was still productive and that the return to a balance of payments surplus gave us the prospect of managing the crisis.

Prior to the scheduled allocation of new Capital to Anglo, further irregularities involving end of year transfer of funds with INBC became apparent and it was clear the Bank was no longer viable as an independent entity and it was decided it should be nationalised. In considering whether an alternative course might have been taken we were reminded that by the size of its balance sheet Anglo was equivalent to some 50% of the Irish economy, whereas Lehman Brothers banks by size was 5% of the US economy. There was a strong determination within the international community not to replicate the chaos that had ensued when Lehman's had gone bust.

2nd Quarter 2009

In a meeting in advance of a cabinet decision, the head of the NTMA, the head of the Central Bank, and the head of the Department of Finance were asked whether they agreed that the proposed NAMA solution was the best option we had. All three agreed and the cabinet signed off on the proposal. Extensive negotiations took place between the Green Party and Fianna Fail on the details of the legislation. We were concerned about the proposed payment of a price above the current market value for the development loans, about ensuring the structure of the organisation allowed for planning and social gain, and that it would not be subject to undue developer or political influence. It took some time to draft and agree the legislation and to then get it through the Dail. There was a valid criticism that greater speed was required, but had the time for debate been reduced there would have been uproar.

We would have liked to have seen greater speed in the removal of existing management and board members of banks that had clearly failed. The Minister of Finance cited the difficulty that had already become apparent in the relationship with the new Management team in Anglo from very early
days. We worked closely with the new heads of the Department of Finance, Regulator, Central Bank, NTMA and NAMA and the level of institutional rivalry that existed prior to the crisis was greatly reduced.

In May we realised that the Programme for Government we were working under was not suitable for the radically changed circumstances we found ourselves in. We set about the process of re-negotiating a new Programme for Government, armed with the report of the Tax Commission and a better understanding of the structural deficit that had to be managed.

3rd Quarter 2009

The budget making process through this period in Government required extensive meetings as each cabinet member had the ability to stall any initiative and propose an alternative course of action. Our own party sought the advice of a wide variety of commentators and economists through the period, including academics such as Alan Aherne, the advisor to the Minister for Finance, John Fitzgerald of the ESRI, Patrick Honohan of TCD and Karl Whelan of UCD. We also sought the advice of a range of market experts and public commentators, although obviously there were limits to what information we could share with such experts.

Our emphasis was on broadening the tax base and making it more progressive, and on maintaining spending in education, homelessness, overseas aid, and in energy and transport infrastructure. Given that Social Welfare, Health and Education spending account for over 80% of overall state spending and could not easily be reduced, the greatest contribution in budget, adjustments came from increases in payroll taxes and cuts to the in public sector pay bill.

4th Quarter 2009

The passing of the Lisbon referendum, the approval by 85% of Green Party members of our renewed Programme for Government, and the agreement of a budget within Cabinet gave us some confidence that we might be over the worst of the crisis.

1st Quarter 2010

The opening up of the individual lending files in the banks was revealing a worse problem than was expected. There was a lot of evident frustration in the Department of Finance about the slow response from Anglo and AIB in transferring the relevant loans to NAMA and a lot of shock about the lack of proper security behind loans once individual files were examined. The stress tests that were conducted were rigorous and Government decided to try and find the true scale of the problem as soon as possible rather than trying to hide or mask any real losses.
2nd quarter 2010

Details on the level of losses in the Irish banks only became available to the Cabinet a few hours before a press conference announcing the level of capital that would have to be inserted by the Irish Government. The debate on whether the Senior bondholders should not be paid in full was renewed. The argument coming back from the Office of the Attorney General was that this would be difficult because the senior bondholders had the same legal status as ordinary deposit holders and would challenge any differential treatment. The Department of Finance were also wary of the proposal because of the cost they had estimated of a potential 2% increase in interest rates for both the State and every private mortgage holder as one possible outcome of such a default.

3rd quarter 2010

By September the full scale of the losses in the Irish banks, requiring a capital payment of €64 billion, became apparent. The level of emergency liquidity coming from the European Central Bank had reached some €130 million and market confidence in Ireland was falling rapidly. This situation was made worse by the announcement by Chancellor Merkel and President Sarkozy in Deauville, as part of a wide ranging statement on the further management of the Euro crisis, that in future the bonds from certain peripheral states in the Eurozone might not be fully honoured. It was an example of how the return to intergovernmental decision-making in Europe made the crisis worse. There was no communication from these leaders with the Government here in advance of their announcement and they seemed to be led by commentary in the media rather than hard evidence.

The response to the announcement in Deauville was a rapid increase in the cost of borrowing for the Irish State which would clearly make our position untenable if it continued. In response to the level of crisis we now faced, I asked the Taoiseach to bring in the leaders of the opposition in the Dail to explain the situation and to seek a form of national co-operation to manage us through the immediate dangerous period.

The Taoiseach, Brian Cowen, agreed to that proposal and wrote to the various leaders accordingly. A meeting was held in the Taoiseach’s office and the Government’s economic analysis and figures were presented to the other leaders, but they refused to enter any collaborative arrangement to manage the considerable risks that faced the country.

4th Quarter 2010

We had agreed with the Commission on the drafting of a four year plan to manage our response to the crisis out to 2014. The only advice from the
Commission and the ECB in the construction of that plan was that in the first year there should be a €6 billion adjustment. As the economic crisis deepened and the level of Corporate deposits once again started to drift out of the Irish Banks, the Cabinet agreed the four year plan and the 2011 budget. Commissioner Ollie Rehn arrived in Dublin to meet the various parties. At a meeting with the Green Party in Government Buildings, he agreed that the four year plan was the right approach and confirmed that he would go to the upcoming G20 meeting in Seoul to share that information as Ireland’s situation was apparently to be first up on the agenda.

Following the G20 meeting, a story was leaked to Reuters and Bloomberg that Ireland would be going into an IMF facility. There was no prior notice given to the Irish Government as to that suggestion and the Minister of Finance underplayed the story, both when asked by the Green Party and Fianna Fail Ministers when they were being asked about the prospect in the media. The Minister and Finance and Taoiseach wanted to strengthen our negotiation position by not agreeing to anything in advance. It became clear that others were attempting to ‘bounce’ Ireland into a bailout. That position became more difficult when the head of the Irish Central Bank went on national radio to say that entering ‘a facility’ was inevitable. The Irish negotiation team was made up of Kevin Cardiff, John Corrigan, and Matthew Elderfield. At this point the Government position was clearly to try and get a write down of senior debt in the banks as part of any agreement. We were informed by the Minister of Finance that the IMF was supporting such a position, but at the very last minute it became clear that the ECB had refused to allow it be considered as an option.

Patrick Honahan and John Corrigan reviewed the proposals for a loan from the IMF/ESM etc and reluctantly recommended that we should accept it, as we would not be able to get financing from the markets and the debt repayments were manageable, even if they brought us to the edge of debt sustainability. We signed off the measure in Cabinet and then decided in a Green Party parliamentary party meeting that an election would have to be called in the New Year once the Finance Bill had been passed. We felt it was essential to pass the Finance Bill, as it would strengthen the hand of any incoming Government, which would have to negotiate a lot of the more detailed arrangements regarding the loans. We felt strongly that we had to leave Government because the entry into an EU/IMF facility had eroded public confidence to the point where it would affect the ability of Government to act decisively.

The plan agreed with the ECB/IMF/EU adopted the broad approach that had already been agreed by the Irish Government in the Four Year Plan, with the exception of the proposed reduction in the Minimum wage which was the only element that the outside parties insisted upon. The wording of the agreement contained a number of other references to ‘reviewing the sale'
of state assets and other similar measures, which we agreed on the understanding that they would not tie a further Government down to proposals not specifically agreed.

1st quarter 2011

The agreement, at the last minute, by the opposition parties to withdraw their motion of no-confidence and allow the Finance Bill go through before the election should be noted. This followed a meeting between Eamon Ryan and Simon Coveney,

Summary

To summarise I’d like to reference directly the selected questions posed by the Committee.

C2b, On the question of C2b, I’m assuming this refers to advice offered by outside bodies and not the role of government advisors. In relation to the former, we listened carefully to the assessments offered by Minister Lenihan and the Department, which were often based on such professional advice. It’s clear now that many of the predictions of a ‘soft landing’ were off the mark.

C3a, The weeks in advance of the introduction of the Deposit guarantee scheme saw a run of retail deposits from the Irish banks which required a lifting of the state guarantee to a level of €100,000. An international crisis on interbank markets due to the US subprime mortgage market, the collapse of Lehmann Brothers and the reluctance of the US congress to approve the proposed support measures for the US banks created a unique environment where there was a real risk of a complete collapse of the international banking system.

C3b, I would say, given the conditions and the level of knowledge at our disposal, the guarantee was probably the least worst option. While there was little precedent for the circumstances we faced at that time, we understood that some mechanism was required to avoid the circumstances where the Irish Banking system would collapse. Subsequent analysis from a detailed investigation of the loan books of the covered banks showed that Anglo Irish Bank would have collapsed at that time had a guarantee not been given and that because of the cross securitisation with other banks that AIB would also have collapsed shortly afterwards and a complete collapse of the Irish Banking system would have followed. In subsequently reading a variety of literature on the management of such banking collapses, it appears that the mechanism of issuing a guarantee followed by the management of bad assets and the issuing of new capital is seen as a standard policy approach to such circumstances.
**C4a**. The decision was taken initially in discussions with the Minister of Finance and the Secretary General of the Department of Finance, when it was decided that a Government decision would be sought to nationalise the bank, given that we could not proceed with issuing of new capital funding for the bank due to the variety of Corporate Governance problems in the bank and the scale of losses that were becoming increasingly apparent. Rather than proceeding with an immediate liquidation of the bank, it was decided to try and use the Nama procedure to work out the bad assets and see if the remaining assets could be managed over a longer wind down period to try and minimise future costs to the state.

**C4c**. Failure to provide necessary capital for each of the banks would have led to their closure. We considered the precedent where the Irish banking system had closed in the mid 1970’s for several months during various banking strikes but it was pointed out that the nature of the Irish economy and banking system had radically altered in the intervening period and the issue of banks closing due to industrial relations difficulties is radically different to where they close to a lack of confidence with regard to their viability. It was clear that the US Government, the ECB and the European Commission had decided that bank closures were to be avoided due to the experience from the 1930’s depression. One lesson from that period, attributed to the economist John Maynard Keynes, was that a banking system in crisis has to be stabilised before it can be reformed. The mechanisms devised through the period were designed to provide the space and stability to make the necessary reforms.

**C4d**. It became clear in the course of 2009-2010 that almost all of the covered institutions were no longer solvent due to the level of loan losses in the property sector. It was decided to merge those institutions that had the prospect of recovery and to amalgamate the two institutions Anglo and INBS where the task was to manage an orderly wind down and recovery of as much value as possible from the remaining loan assets.

**C6d**. We had no direct contact with the ECB throughout our period in office but were kept informed on a regular basis about their approval for the NAMA scheme, the ongoing extension of emergency ELA to the Irish banks and the subsequent threat of the withdrawal of that emergency liquidity and the refusal of the ECB to accept the burning of Senior bondholders in Irish Banks.

**R1c**. The broad macro economic policy during the period 2008-2011 was determined by the fall in tax revenues due to the collapse in the construction industry, the related threatened crash in our banking system and the related increase in borrowing costs for the state. It would have been preferable to follow a counter cyclical budgetary policy to offset some of the reductions in public and private spending at the time but the particular circumstance of the public finances ruled out that option. We attempted to maintain capital investment wherever possible including measures to encourage investment in the energy and...
telecommunications sector and to protect spending in areas such as water infrastructure and the retrofitting of public and private buildings to provide a counter cyclical response to offset the dramatic reduction in state spending that had to take place.

The period allowed for reform of the central bank and Financial regulator to learn the lessons from the lack of prudential regulation in the period running up to the banking crisis.

**R2b**, In relation to R2b, I would say the measures we took were effective. As I said, two thirds of the fiscal adjustment was made during our time in government.

**R4a**, Appropriateness of the expert advice sought, quality of analysis of the advice and how effectively this advice was used. In relation to R4a, I would say it was appropriate to seek outside advice for the reasons given, I believe the advice offered was based on the best available information and that we followed through on that advice.

**R4c**, Analysis and consideration of the response to contrarian views (internal and external) In relation to R4c, I believe the evidence shows that we sought and acted upon advice from outside the Department. It’s also clear that the Green Party took a very different view to other parties to the lending practices of the banks during the high point of the Celtic Tiger.

**R5a**, Effectiveness of the Oireachtas in scrutinising public policy on the banking sector and the economy. In relation to R5a, it’s clear that the Oireachtas like successive governments could only act on the information supplied. As has been stated by other witnesses, many of the reports from state bodies predicted a soft landing. It should not be forgotten that one of the most important decisions, the guarantee, was a decision of the Dail. The political parties were briefed by the Department of Finance on the options, and they voted accordingly. I believe the opposition parties were given the same information that was given to the government parties.

**R5b**, To answer R5b directly, I believe that the Department of Finance offered appropriate advice during the crisis. I was very disappointed at the subsequent criticism of Kevin Cardiff, who was a very hard-working civil servant. I recall him working late into the night. We followed the advice given by Mr Cardiff and his colleagues. We would however have two particular criticisms with regard to the way in which the Department worked. The first relates to the tendency of the Department to bring memos to Cabinet which do not go through the review process that other departments have to adopt in bringing any papers to Government for consideration. The second relates to the stern resistance we encountered from the
Department to our suggestion that the review of the economic crisis should include a review of the Department's own performance in the years leading up to 2008.

One final point on this issue: I asked several times about the possibility of the IMF coming into the country. I never did get a straight answer from the Minister or anyone in the Department.

R5c, Our main budgetary objectives were social progressivity and climate proofing. Under the first objective, we wished to stem the trend where the highest income earners had gained the most. Under the second objective, we sought alternative, but not additional environmental taxation to fund programmes like the Warmer homes scheme.

The Commission on Taxation was also established at the instigation of the Green Party

R5d, In relation to R5d, I believe that the banking sector and the construction industry enjoyed too much privileged access to the corridors of power for too long.

In conclusion, Chairman, I believe the Honohan, Regling and Watson and Nyberg reports give an honest and, for the most part, accurate assessment of what happened in those years. At no stage did we see any decision being made to favour any banker or developer over the wider public interest. The public servants and politicians with whom we worked throughout the period were doing what they could in very difficult circumstances.

I'd like it noted by this Committee, that while I may have had occasional disagreements with the then Taoiseach and Minister for Finance, I have no doubt at all that they and their officials were motivated solely by a desire to serve our country. Any other construction put on those events is insulting and misplaced. I'm quite sure that the evidence before this inquiry will support the view that the two parties in the last government worked in the national interest, and I was honoured to lead one of those parties during one of the most difficult periods of our nation's history.

I wish the committee well in its deliberations.