



## **Dr. Patrick Honohan has One-on-One with Acting Governor Haynes**

In his first official event during his time as the Central Bank of Barbados' 4<sup>th</sup> Distinguished Visiting Fellow, Dr. Patrick Honohan, sat down for a one-on-one interview with Acting Governor Cleviston Haynes.

Haynes and Dr. Honohan, a former Governor of the Central Bank of Ireland who assumed office just after the start of the Irish financial crisis, discussed the origins and scope of that country's economic troubles, and its path to recovery.

### *On what led to the crisis:*

Fifteen years of rapid growth for the "Celtic Tiger" created the belief that the Irish economy would continue to thrive. "There was this sense of confidence that made people develop a kind of hubris."

### *On the magnitude of the crisis:*

During the crisis, there was a significant slowdown in economic activity, unemployment rose from 3 or 4% to 15%, and the Government had to spend 64 billion euros to bail out the banks.

### *On what actions were taken:*

After years of low taxation and salary increases, tax rates increased, funding for public services was reduced, and public servants' salaries were cut by as much as 14%.

### *On the post-crisis era:*

The economy has started to recover and unemployment has fallen to 6.5%, but there is still more to be done. "There's strong recovery but a lot of debris left behind."

**2017-03-20**