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BRIAN RUANE,
EXECUTIVE VICE PRESIDENT,
THE BANK OF NEW YORK MELLON

An Overview of the Irish Economy

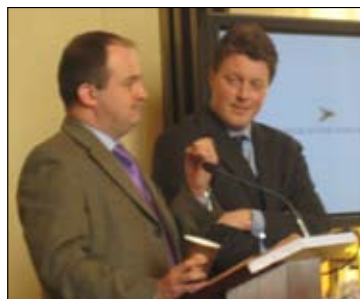
The Best Is Yet To Come

The Irish economy’s meteoric rise from one of the poorest in Europe to one of the most dynamic has been but a foreshadowing of the Emerald Isle’s full potential. So says Marc Coleman, Irish economist and author of *The Best is Yet to Come*, a new book that tracks the course of Ireland’s economic development.

Marc recently discussed his views during a special Thought Leadership Series event entitled “An Overview of the Irish Economy.” The event was attended by nearly 100 financial services professionals, many of whom have business interests in the Emerald Isle.

Dublin: European Center of Excellence

Brian Ruane, Executive Vice President at The Bank of New York Mellon, and a native of Dublin, said Marc’s book sheds new light on the issues currently affecting Ireland. “Whether you’re involved in the Hedge Fund business, and know Dublin as a European center of excellence, or have banking operations there, I think you will find that Marc’s views are very interesting,” according to Brian.



That Dublin is a center of excellence has long been recognized by The Bank of New York Mellon, which maintains an extensive business presence there. “Ireland has played an important role in our operations,” according to Brian, “we currently employ 1,200 people there across many of our major business lines.” This includes Asset Servicing, Hedge Fund Services, Structured Products, and Brokerage & Clearing.

“The leadership that the Irish have shown in this world is out of proportion to our size.”

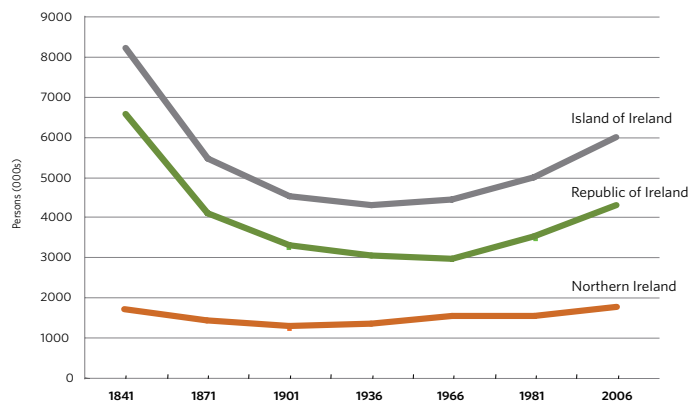
MARC COLEMAN, AUTHOR OF
“THE BEST IS YET TO COME”

The Irish Paradox

That millions of Irish and their descendents achieved great success overseas while those that stayed at home struggled has always been a source of tremendous national frustration. Whether in America, Canada, Australia, or even in England, the Irish rose to great heights, up to and including the US presidency. “The leadership we have shown in this world is out of proportion to our size,” according to Marc. While the Irish helped to build and maintain businesses and economies elsewhere, the economy at home languished, barely making it out of the 19th century.

Back to The Future:

Trajectory of Ireland's Population Growth



Drained of its most precious resource, its people, a vastly depopulated Ireland struggled to recover from the Potato Famine, a struggle that wouldn't end until the 1980's.

“Why wasn't that human potential able to realize itself in Ireland?,” asked Marc. The answer, he said, can be traced back to that dark, defining moment in the nation's history - the Irish Potato Famine of 1845-1852. The famine was so devastating that up to a million people perished, while another million emigrated overseas. This amounted to a substantial part of the population, which stood at 8 million just before the famine. Consequently, Ireland, which currently has 4.2 million people, is the only country in the European Union (EU) that has a smaller population now than it did in 1840.

The Famine's Long-Lasting Economic Impact

Drained of its most precious resource, its people, a depopulated Ireland struggled to recover from the Potato Famine, a struggle that wouldn't end until the 1980's according to Marc, some 130 years after the famine ended. Those many years were marked by poverty, governmental ineptitude and civil strife.

Ireland at a Glance

Key Measures of the Irish Economy* 2007

• Population:	4.2 million
• Population growth rate:	1.14%
• GDP:	\$253.3 billion
• GDP growth rate:	5.3%
• GDP per capita:	\$45,600
• Exports:	\$125 billion
• Imports:	\$90.4 billion

*Republic of Ireland

Source: CIA World Factbook. All figures above are estimates

The Irish economy expanded at an astounding rate of 9.5% per year during the “Celtic Tiger” period of 1995-2000.

The famine severely distorted Ireland’s economic sensibilities, Marc said, as the country focused on building an agricultural-based economy rather than a modern, industrialized one. The country was further wracked by protectionism, which crippled the economy during the first half of the 20th century, and governmental fiscal incompetence during the 1960’s and ‘70s, when the unemployment rate reached upwards of 20%.

Ireland’s Economy in Full Bloom

After the famine and throughout much of the 20th century, the Irish government looked to emigration as substitute for jobs growth at home. This unofficial policy didn’t begin to change until the 1980s, when a positive confluence of factors provided the underpinning for today’s strong economy. Those factors included Ireland’s full entrance into the EU, the abandonment of strict protectionist policies and lower corporate tax rates. Multinational corporations flooded in to do business and the Irish economy expanded beyond expectations, growing at a rate of 9.5% per year during the “Celtic Tiger” period of 1995-2000. Today, those rates of growth have slowed but are still strong. “Ireland’s economy is now the most globalized in Europe,” said Marc, “we have developed strategic economic links around the world that will benefit the Irish for generations to come.”

Ireland’s population is poised to double to over 8 million by the year 2050. This would be the highest population since just before the Potato Famine.



“We seek to build an economy to sustain a flourishing cultural identity – that precious, unique and ancient Irish identity.”

MARC COLEMAN,
AUTHOR OF “THE BEST
IS YET TO COME”

Staying at Home

While some 70 million people globally claim Irish descent, only 4.2 million of them actually reside in Ireland. But today, with more opportunity in Ireland than ever before, the Irish are staying home and fueling a population growth rate that is the highest in Europe. At current growth rates, according to Coleman, the Irish population is set to double by the year 2050. This would bring the number of people to pre-famine levels. And it's Ireland's strong population growth, according to Colman, that is the crux behind his belief that the best is yet to come.

Ireland offers plenty of room for growth, according to Marc. That rain-swept emerald isle in the North Atlantic has one of the lowest population densities in Europe as approximately half the population is centered in and around Dublin. With plenty of space in which to grow, a bigger population will go a long way toward alleviating economy-wide cost pressures, which have traditionally been high because of slack domestic demand.

Cultural Challenges Ahead

That Ireland has become a new land of opportunity is not lost on the rest of the world. Strong jobs growth has led to a dramatic reversal of immigration trends and the past decade has seen a huge influx of Irish returning to the old sod. Joining them have been workers from Eastern Europe, Asia and Africa, and in 2007, approximately 1 out of every 10 Irish citizens was foreign born.

Whether the country can successfully adjust to this shift in immigration largely depends upon Irish culture, according to Marc. He said that immigration poses little threat to an indigenous culture that “is sure of itself” and mentioned that major initiatives are needed to revive Irish culture and language. “We seek to build an economy to sustain a flourishing cultural identify – that precious, unique and ancient Irish identity,” he said.

About Marc Coleman

Irish native Marc Coleman is the author of *The Best Is Yet to Come*, a new book about the past course and future potential of Irish economic development. Marc is also currently the economics editor for Ireland's new national radio station, Newstalk 106. Prior to that, he was the economics editor for the Irish Times, and served as an economist with the European Central Bank.



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