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Irish Debt Crisis: Keynesianism to blame, not low tax rates



As downturn began, Eire politicians no adjustment in spending habits

Libertarian philanthropist Howard Rich has a column at [Rasmussen Reports](#) this morning, "Calling A Shamrock A Shamrock."

Excerpt:

On both sides of the ocean there appear to be plenty of Keynesian apologists who believe that economic downturns are always caused by greedy capitalists – never by greedy politicians and government bureaucrats.

[Cato's Dan] Mitchell examined nearly three decades worth of Irish government expenditures and tax receipts. In doing so he found that from 1983-2006 both expenditures and receipts in Ireland were on similar upward trajectories – a regrettable result of the Irish government's insistence on spending every new dime that came into its coffers. Beginning in 2007, however, these lines began moving in opposite directions.

"When the financial crisis hit a couple of years ago, tax revenues suddenly plummeted," explains Mitchell. "Unfortunately, politicians continued to spend like drunken sailors. It's only in the last year that they finally stepped on the brakes and began to rein in the burden of government spending. But that may be a case of too little, too late."

In addition to profligate spending, Mitchell points to the adoption of the Euro as another contributing factor in Ireland's decline.

Note - Rich is President of Americans for Limited Government, and a longtime backer of the Cato Institute.

POSTED BY ERIC DONDERO AT 5:30 AM

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