

FIXING IRELAND

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# Down but not out: Here's how we can get back on our feet

'Anger is an energy,' sang former Sex Pistol John Lydon. If he's right, Ireland should be the most energetic country around, with the outrage about the corruption and stupidity that ended the boom. Our anger could remain unfocused, or we could turn it into a reforming zeal that makes Ireland a world leader again. To mark the launch of his new book, **Here's How (to fix Ireland), William Campbell** reveals his own alternative solutions to some of the pressing economic and social issues facing the country

## Regulating the banks

We can't change the past, but we can change the future. In tackling Quinn Insurance head-on, the financial regulator Mathew Elderfield has shown he is willing to do his job. This is in stark contrast with his predecessor Patrick Neary. The consequences for the workers of Quinn have been terrible. So it is predictable they and others have reacted by protesting and lobbying for Quinn to be exempted from proper regulation. Just as it was predictable that politicians sent out Ned O'Keefe to attack Elderfield's regime of compliance. They will have watched reaction to this attack carefully. Expect more of the same from other backbenchers, followed by off-the-record briefings from ministers and scornful columns from big business sympathetic journalists. Give it a year and ministers will be able to say in public that 'everybody knows' that Elderfield is 'hampering recovery' by being a stickler. The regulator may keep his nerve. Or he may keep his job. I wouldn't bet, however, on him keeping both, as vested interests lobby hard behind the scenes to be allowed to go back to their old ways. The collapse of the banking sector has proven just how badly we need a regulator independent in job and personality. We need, therefore, to enshrine in law some protection for the regulator, particularly a requirement that the regulator should be recruited internationally and not have worked for any institution she or he is regulating in the previous 10 years. It is also important that the regulator be allowed to appoint two assistant regulators, one operating internationally who will maintain an independent outlook on the Irish banking sector, and one from within the banking system with a better idea of where the bodies are buried.

## NAMA

NAMA has invented the concept of 'Long Term Economic Value' and even created the acronym LIEV to give it the ring of a well-known economic concept. It is nothing of the sort. Google indicates that the acronym did not appear on any website before 2009, with the full phrase only appearing shortly before. Brian Lenihan says it is necessary to pay the "Long Term Economic Value", because there is no market to determine the true current value. The reason there is no market is because sellers of property are waiting for unrealistic prices that will never come. There is a simple way to determine the value of, say, an empty block of apartments: announce that you will sell the apartments for €1 each, and you'll have a queue of willing buyers a mile long. Raise the price to €1,000 per apartment, and the queue will shorten, but still be very long. At €2,000 there will still be far more buyers than apartments. Now, keep raising the price until the number of buyers is equal to the number of apartments. This is the true value of the apartment. Paying one cent more is robbing the taxpayers and rewarding goons who

got us into the mess that we are in. If the banks need more capital from the taxpayers to keep them going, they should pay for it with share capital, right up to full nationalisation. Then, when the banks have been stabilised, they can be privatised, and the proceeds can go towards paying the taxpayers back for all the pain we have taken.

## Education and science

PEOPLE respond to incentives, as anyone who was ever a child will tell you. "Go and do your homework" doesn't work, but "No TV until you do your homework" does, at least sometimes. This isn't a bad lesson for the rest of life. People do the things they are incentivised to do, and they won't do much that they are incentivised not to do. Most kids learn this fast, so it's a wonder that the Department of Education hasn't caught on yet. Come August, the Minister for Education will be expressing the annual "concern" that fewer and fewer students are getting good grades in subjects like maths, physics and chemistry, subjects vital for our economy. By September she will be urging their younger siblings going into fifth year to study these subjects. She might as well urge them to take up reading Peig again, for the craic. Just 12% of maths students are given an honour, compared with 44% in English. There are many other glaring discrepancies, and students react rationally — they ditch subjects least likely to earn them CAO points.

## The war on drugs

DEBATING with drug-prohibitionists is like debating with cricket batsmen, as they dash back and forth from one wicket to the other. Their first wicket is morality: it is immoral, they say, to use drugs for pleasure. Maybe, maybe not, but if you try to engage them in a debate about whether the Government has any business enforcing morality on those who don't share it, they dash to the wicket at the other end of their cricket crease: Harm. Drugs can certainly cause harm, but the degree of harm doesn't seem to be reflected in the prohibition; the most lethal drug, tobacco, is permitted. Marijuana, which has few ill-effects, can earn a simple user a criminal record. In addition, the harm that the drug causes needs to be considered in the context of the harm that prohibition can cause. Drug prohibition keeps prices high and turns hard-drug addicts into mugging-burgling-cash machines for dealers. It puts otherwise law-abiding soft-drug users into contact with the drug underworld, and at risk of career-destroying criminal penalties. Portugal decriminalised all drug use a decade ago, and studies show consumption and resulting harm has declined there. "No, no we shouldn't," say the

prohibitionists, wagging a finger as they turn to dash back to the first wicket, "because using drugs is wrong!"

## Electoral register

THE electoral register in Ireland is a disaster. It contains an unbelievable 700,000 errors, 30% of the total entries. A recital of monkeys with typewriters could do better, and that could well be the chosen data-entry method of the local authorities responsible for compiling the register, given the spelling errors on the multiple entries for the author on various electoral registers, including at addresses up to 20 years out of date. The electoral register should be abolished. The PPS database that is maintained by the Revenue is far more accurate. In addition many people, including employers, the subject of the record and the Revenue themselves are highly motivated to keep it accurate. It contains all the data that is required — name, address and date of birth of the person. The only possible extra requirement is to record the citizenship status of the people on the database, to determine what elections they are entitled to vote in. This information should be added, and the Department of Justice, Equality and Law Reform's naturalisation process should include an update of this record, to keep it accurate. In the run-up to each election, the Revenue should supply an extract from their database to send out polling cards.

## War on crime

A DOUBLE blind study is a scientific method of investigation, usually of a new pill or potion. To filter out the placebo effect, two groups of patients are treated, but only one group gets the real thing. The others get fake, inactive drugs. But here's the rub: neither the patient, nor the doctor treating them knows which group any patient is in. Sometimes the people getting the placebo improve their condition, so the effect of the new treatment is only considered to be the amount of improvement that the patients getting the real drug exhibit, over and above those getting the placebo. Now suppose that there was a pill that would reduce the risk of prisoners reoffending by more than a 26% — what would we do? Offer it to prisoners? Make it mandatory? Would there be ethical concerns in that? Reducing reoffending by a quarter is a huge amount of crimes avoided. Unbelievably, there is such a pill, and there are no ethical concerns, because it is a vitamin pill. The British Journal of Psychiatry published a report in 2002 on a controlled, double-blind study that showed that prisoners given supplements of vitamins, minerals and essential fatty acids committed 26% fewer crimes when released than a control group given simple placebos. As well as receiving vitamin supplements, all prisoners should be taught shopping, cooking and budgeting skills in prison so that they can maintain a healthy diet on release.



**QUICK FIX**  
Planning permission should be refused for any site where insurers are not willing to offer long-term flood insurance

**QUICK FIX**  
We have many thousands of people on the housing lists, and many thousands of empty homes — how can this be two problems? It is one solution

**QUICK FIX**  
Ireland has more golf courses than playgrounds, but sites repossessed by NAMA can be used to reverse this. Other NAMA sites could be used to create allotments, to give people cheap food and exercise.

## Cigarette taxes

RESEARCH shows that lifelong smokers start as children; people who take up smoking after the age of 18 give up quickly, and find it easy. In response, the Government is taking serious action to stop cigarettes from being sold to children. This makes sense, but doesn't take account of smuggled cigarettes. It is fairly obvious that criminals have little conscience. Smuggled cigarettes are being sold door-to-door, and the smugglers are using kids as their salespeople. Smuggled cigarettes cost the Irish taxpayer €500m per year — €125 for every man, woman and child in the

**QUICK FIX**  
The TV licence could be more effectively collected by requiring cable and satellite TV companies to include it in the direct debit to their customers.

## The future of the army

IT'S almost rude to ask — what is our army for? A Danish political party once advocated a defence policy of installing telephone boxes at their border, with an automated message in every known language saying 'we surrender'. It is certainly true that the army has done valuable humanitarian work. The value of peacekeeping missions in Lebanon, Chad and elsewhere are of more questionable value, but a more recent trend towards peace-enforcement are certainly not something that Ireland should or could be getting involved in. That leaves the question as to why the Irish army maintains, according to their website, cannons, anti-tank guns, anti-aircraft weapons and grenade launchers.

## Burglar alarms

WHAT did you do the last time you heard a burglar alarm or car alarm? Ring the gardai? Roll over and try to block the noise with your pillow? Nobody pays any attention to burglar alarms because they are almost always false alarms. They are false alarms because the alarms are so unreliable because they are so cheaply made — kits cost less than €30. And the people who buy the cheapest ones are usually the people who are guaranteed not to be around when a breeze rattles a window and ultimately wakes up the rest of the street.

**QUICK FIX**  
Making bank account numbers portable from one bank to another — like mobile phone numbers are — would improve competition between banks.

Nobody has the right to force the rest of their neighbourhood to monitor their alarm. Rather than using a klaxon, alarms should send a signal to someone who has agreed to be alerted or should prompt an automated text message to the household's mobile phone. As well as eliminating nuisance alarms, this would radically change incentives. Customers would quickly insist on reliable alarm systems if they had to pay, in stress or cash, the cost of false alarms. Companies who couldn't supply them would go out of business. Gardai would quickly learn every alarm was a real crime scene, and hopefully react appropriately. The forthcoming Noise Bill should require the removal of all klaxon-based burglar alarms.

## The debt

DEBT-COLLECTION is tightly regulated in Britain, but there are still problems with regular reports of sharp practice and breaches of the code of conduct. The authorities encounter instances of vulnerable people being subjected to threats and bullying, and sometimes pressured into signing one-guano documents that they don't understand, raising their interest rates or converting unsecured debt into debt secured against their homes. There are no such instances here, because there are no authorities. Debt-collection is entirely unregulated in Ireland. There are no prohibited practices short of actual violence. Sadly, given the economic climate, the debt-collection industry is experiencing growth. One new operator in the market is the ex-Dublin criminal, Martin "The Viper" Foley. It would be nice to think that this is an attempt by a career criminal to go straight, but the fact that he uses his tabloid criminal nickname for his company, Viper Debt Recovery and Repossession Service Ltd, doesn't bode well. There have been several allegations of intimidation against Foley's company in the course of his business, and there have been reports of other criminals getting involved in what they view as a highly profitable growth industry in these recessionary times. The Private Security Authority regulates, amongst others, nightclub doormen. Their remit should be extended immediately to include a tight regime of regulation on debt-collectors. The regulations could be largely copied from the British Office of Fair Trading, and they should have, at the very least, the power to exclude unsuitable people from the trade.

**QUICK FIX**  
New Zealand, the same size as Ireland, has 120 parliamentarians. Although much of our legislation comes from the EU, we have 226. Why?

**QUICK FIX**  
Let's require supermarkets and filling stations to publish their prices online, so that we can compare the prices before we go shopping



Author William Campbell outside the Central Bank. Picture: Nick Bradshaw

**“Military training should be replaced with skills that are of use in emergency situations, such as water engineering, and organising search and rescue missions**

## Organ donation

IN Ireland there are 1,400 people undergoing kidney dialysis. In 1989 that figure was 178. Kidney dialysis is an arduous process that is time-consuming and unpleasant. However, the reason the numbers on dialysis is going up is because the number of transplants is going down. In 1990, there were 38 transplants per million people in the country. By 2005 the figure had fallen to 30 transplants per million. The problem is the lack of donors, which has brought calls for presumed consent, which would mean everyone would be presumed to agree to donate their organs, unless they carried a card stating otherwise. This is not a wise strategy, and it risks undermining public support for the donation system. But the problem remains that, although most people are willing to be donors, few of them bother to carry a donor card. Is there one in your pocket or handbag? The solution is also in your pocket or handbag — bank cards. Banks should be required to alter the design on all plastic ATM, credit and debit cards to include a symbol indicating that the holder has agreed to donate their organs. After a short introductory period, banks should be prohibited from issuing or renewing any card without securing an answer from customers if they agreed to be a donor — this could be done online for the many people who use electronic banking. Nobody would be required to agree to donate, but they would be required to state a preference before they could receive their plastic card.

## Bring back the films

FROM Crocodile Dundee to the film Australia, that country has skillfully used the big screen to promote itself culturally. Ireland nearly got it right with tax incentives that attracted the makers of Braveheart and Saving Private Ryan, but the benefits were lost through bad management. The cost of these tax breaks is purely notional, since the films that were attracted would never have come to Ireland without the tax breaks. Films have a three- to five-year development cycle. Tax breaks must be guaranteed for at least that period so that they are still in place when a project moves from planning to production. Big-budget films, such as Michael Collins, are important for our own self-image, but we should not get hung up on the films made here having an Irish theme. The use of Ireland as a location, regardless of the film's theme, is sufficient payback to justify attracting the production. New Zealand benefited hugely from its landscape in the Lord of the Rings, even though the theme was not connected with the country.

**QUICK FIX**  
If we can't build a port tunnel without leaks, a nuclear power station doesn't look good for Ireland, but we do wind better than anyone, and that is the source of sustainable energy we can rely on