



Written by [Bruce Walker](#) on December 9, 2010

## Bank of Ireland Has “Glitches” on Day of Budget Vote

Ireland has been following the path of Greece and Spain: Increasingly more of the national economy is, effectively, mortgaged to international organizations that are keeping the financial systems of these nations from collapsing. The list of sick patients is growing. Portugal and Belgium are mentioned more and more frequently — and also Italy.



Ireland, once the “Celtic Tiger,” was forced to implement an austerity program of tax increases and budgetary cuts. Then, on December 7, Irish citizens who held money in domestic accounts were told that due to some [“unforeseen technical issue,”](#) not only would telephone and online banking services be interrupted, but some point-of-sale transactions might not be completed, and those holding Bank of Ireland cards would have “restricted availability.” It was by sheer coincidence, the world has been told, that the Irish Parliament voted that same day on the budget cuts that are intended to bring the Irish national deficit to under three percent of GDP by 2015.

As banking has moved increasingly more online, and the old bank with tellers at every window has become less common, the practical shutdown of much of the Irish banking system is eerily similar to the bank closings during the early days of the Great Depression. What will happen if these “technical problems” spread to other nations and other banking systems? All systems of currency and credit are based, ultimately, upon confidence. The reason why a ruble in the old Soviet Union was hardly worth the match it would take to light it was because the Soviet government ignored market forces and unwritten promises when it printed currency or created credit.

Whatever the reason for the unexpected technical problems that the Bank of Ireland had on the very day the government was trying to cobble together a parliamentary majority to pass the austerity plan, the timing could not have been worse — and the effect on confidence in Irish government finances any more devastating.



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