

THE EU RECESSION: AN ANALYSIS OF CONSUMER SPENDING & WHY IRELAND HAS RECOVERED FASTER THAN THE OTHER PIIGS MEMBER STATES



Research Proposal

By: Denis Danca

Student Number: 10061122

Course: B7RS101

Table Of Contents

Introduction	2
Literature Review	3
Depth of Recession	3
EU Economic Recovery	4
Methodology	6
Figure 1: The Research ‘onion’	7
Research Philosophy	7
Research Approach	7
Research Strategy	8
Research Choice	8
Primary Research & Analysis	9
Conclusion	13
Referencing:	13

The EU Recession: An Analysis of Consumer Spending & Why Ireland has recovered faster than the other PIIGS Member States

Introduction

The title of this Research Proposal is 'The EU Recession: An Analysis of Consumer Spending & Why Ireland has recovered faster than the other PIIGS Member States.

In 2008 the Economic recession has begun and had an immediate effect on the European Union. Due to this, several members of the European Union became known as 'Piigs'(Portugal, Italy, Ireland, Greece and Spain). The main reason why these countries were named together is because of the instability of their economies. This was an evident problem back in 2009. There was a huge instant drop on consumer spending and unemployment. The aim of this research project is to analyze the effect that the EU Recession had on consumer spending in the economically weaker member states of the European Union. These Countries had an evident problem due to the substantial instability of their economies. There is also research to be done on the consumer spending of these five countries and on the numerous problems and concerns they brought upon their countries. Ireland being one of the countries that managed to recover their consumer spending and growth of the economy.

The research information was taken from newspapers articles that I've found in newspapers and information that I've found on the Internet. I've carried any interview on my Economics Lecturer so I can get a better understanding and identify new information about the importance of consumer spending. The literature review indicates methods and strategies that many European member states have taken in consideration to recover their consumer spending and increase the growth of the economy.

However, in the last few years, the economy of Ireland, Portugal, Spain and Italy have started to slowly return to health. Except for Greece which still suffers from a high decries in consumer spending and unemployment. Ireland being the country that have improved impressively a got his consumer spending and unemployment back on track.

This research proposal therefore aims to ascertain how one country(Ireland) managed to improve customer spending and economic growth again during the difficult past five years.

Literature Review

The study “How consumer spending and economic growth is Linked” dispense how consumer spending and economic growth works in an economy. It indicates several factors that are responsible for influencing consumer spending.

Investment, Innovation , Increase Specialization and Increase Input - first and foremost this is what methods and strategies countries affected by recession would apply to increase the growth of their Economy and Consumer Spending.

“Investment – An increase in investment means an increase in productivity. Investing requires a decrease in spending so that more money is available for investments.

Innovation – Technology can radically alter the economic landscape. When more output is able to be generated from the same amount of input, productivity increases.

Increased Specialization – The division of labour means that more efficiency occurs when workers specialize. This increase in efficiency means greater output will be generated.

Increased Input – The more workers or machines an economy has, the more output is created.”

(Source: Fariba Ronnasi Jul 21, 2014 “How Consumer Spending And Economic Growth Is Linked”)

During a recession time, the lack of the above Investment, Innovation , Increase Specialization and Increase Input lead to huge decrease in consumer spending as there isn't enough spending to generate growth in the economy. If consumers stop spending, this will both reduce tax revenues and cause demand to slip. Suppliers will in turn cut back which results in lower wages and higher unemployment and can lead to a recession. Consumer spending is an important economic factor because it usually coincides with the overall consumer confidence in a nation's economy. The recession has caused many consumers to cut back on consumption and increase savings, especially in countries where social safety nets are underdeveloped.

Depth of Recession

The PIIGS nations are Eurozone's most affected economies. Taking in consideration the historical and recent economic developments in these nations, most of them have been in serious financial concern in regards to sovereign debt. The trouble with the PIIGS nations and the Eurozone economies lies in their monetary union. Since all of them have use a single currency(the Euro), which is printed and issued by the European Central Bank these nations have no power over the currency they use. In times of financial distress when any of these countries need to pump liquidity into their economy, they can't print money. They can only borrow more money from the ECB. This is a delusion of the monetary union.

The financial crisis in 2008 very badly affected the Portuguese economy. The crisis caused a wide range of domestic problems including public deficit levels and excessive economic debt levels. Public debt in Portugal is expected to have peaked at 129% of gross domestic product (or GDP) in 2013.

Italy has a very big public debt ratio. It was 133% of the gross domestic product (or GDP) in 2013. This statistic is expected to peak at 135% of its GDP in 2014. Higher economic activity is expected to put public debt on a declining trajectory. However, another opinion is that a combination of no growth and dis-inflationary pressures will cause Italy's national debt to rise as a share of its national income. As a result of higher economic activity and higher national income, Italy's public debt ratio may not see the expected decline.

The Greek government-debt crisis, also known as the Greek Depression, is part of the ongoing Eurozone crisis. It was triggered by the arrival of the global economic recession in October, 2008. Since then, a combination of structural weaknesses in the Greek economy—and a decade of overly high structural deficits and debt-to-gross domestic product (or GDP) levels on public accounts—have raised investor concerns regarding Greece's ability to meet its debt obligations. The debt-to-GDP ratio for Greece increased from a 112.9% in 2008 to 148.3% in 2010. It increased to 170.3% in 2011. In April, 2010 the Greek government debt was downgraded to junk bond status. This sent bond yields so high, that capital markets were no longer available as a funding source for Greece. As a result Greece was offered two bailout packages by the European Union and the International Monetary Fund.

However, Ireland was the first Eurozone nation to come out of the three-year bailout program in December, 2013. Comparing to the other Piigs Nation which haven't managed to come out of their bailouts. Ireland have managed to do this by rising consumer sentiment and upbeat manufacturing sector data are factors that led to the handsome returns from investments in this country.

The strength in Irish growth performance was confirmed in 1Q14 when the gross domestic product (or GDP) increased by 2.7% quarter-over-quarter.

EU Economic Recovery

Recently, the majority of the PIIGS nations seem to be recovering thanks to improved fundamentals. Falling government bond yields in most of these nations signals investors' increasing faith in Europe's most distressed group of nations. The Eurozone recovery still needs to gather momentum. The gross domestic product in Europe only increased by 0.2% in 1Q14. Slow Eurozone retail sales growth and weak industrial production data have held back the rate of recovery. Even the previously strong recovery in Germany is losing momentum. It contracted by 0.2% in the second quarter this year. Consumer Spending In the Euro Area increased to 1357.78 EUR Billion in the fourth quarter of 2015 from 1353.05 EUR Billion in the third quarter of 2015. This shows that the Consumer spending in the Eurozone is improving.

Headwinds that are impacting the rate of economic growth include:

- the ongoing deleveraging by the private sector
- tight fiscal policy
- restrictive credit conditions

Among the Eurozone nations, countries that have implemented structural reforms and improved their competitiveness include Spain and Ireland. They have outperformed other peripheral

Eurozone nations. Countries like Italy, that have been slow and unwilling to embrace reforms, have been a drag on the wider Eurozone economy.

The Portuguese economy finally managed to emerge from the recession during 2Q13. It's now showing signs of revival. In 2013, the government budget deficit was lower-than-expected because tax revenues were larger-than-planned. Rising consumer confidence and demand, booming exports, and declining unemployment are all playing a key role in getting the economy back on track. Portugal was the second Eurozone country, after Ireland, to successfully exit its bailout program in May.

The strength in Irish growth performance was confirmed in 1Q14 when the gross domestic product (or GDP) increased by 2.7% quarter-over-quarter. Although the growth was primarily driven by increasing net exports, domestic demand also made a positive contribution. Both private consumption and gross fixed capital formation increased in year-over-year terms. Economic activity remained strong during the second quarter as well. Danske Bank Periphery Research expects Ireland's GDP growth to be 4% in 2014. This will be the strongest rate since 2007. The rebound in growth can be seen in:

- The Irish recovery increasing despite deflation in 2009–2011
- Leading indicators increasing—suggesting that growth remains strong
- Consumer confidence improving significantly
- Retail sales trending upwards and car sales surging
- Industrial production is above the level it was at during the boom in 2005
- The government budget deficit reducing to 4.8% on a year-to-date (or YTD) basis this year. It's expected to reach 3% in 2015, from 7.3% of GDP in 2013
- Fiscal headwinds continuing to fade in Ireland
- Gross public debt decreasing quicker on the back of the improved macro-economic situation and a stabilization in the debt ratio
- Credit rating upgrades supporting lower rates

Improving fundamentals

Ireland has undergone comprehensive labor market reforms. This has resulted in a significant adjustment in labor costs. Irish unit labor costs dropped more than 20% from its peak. The European average has increased in the same period.

Both private consumption and gross fixed capital formation increased in year-over-year terms. According to the Trade Economics website Ireland's Consumer Spending increased to 22914 EUR Million in the fourth quarter of 2015 from 22681 EUR Million in the third quarter of 2015. Spain is doing well. According to an export performance Organization of Economic Co-operation and Development (or OECD) indicator, Spain has gained market share for the past 20 years. It's even due for a rating upgrade assuming its public debt is managed well.

The Spanish economy is expected to grow at 1.7% this year—better than the contraction of 1.2% witnessed last year. Unemployment is also expected to show a declining trend. It's expected to fall from 26.4% last year to 25.7% this year. It should fall to 24.6% by the end of 2015. Spain experienced the highest gross domestic product (or GDP) growth rate in more than six years in

2Q14, when the economy expanded at 0.6% quarter-over-quarter. The expansion was fueled by an increase in domestic demand. Certain key facts about the economic developments in Spain support the growth trajectory for this PIIGS nation, including:

- Spain has clocked its highest GDP growth rate in seven years
- Consumer confidence is signaling higher private consumption
- Unemployment expectations are at their lowest level since 2000
- Unit labor costs are around the Euro area average
- Private consumption is supported by positive real wage growth

“Irish consumers buying cars, homes and furniture are driving a “miraculous economic recovery”, according to the latest spending monitor published by the Marketing Institute of Ireland and UCD’s Smurfit Graduate Business School”

New findings from the quarterly Consumer Market Monitor show consumer spending making a significant contribution to Ireland’s economic growth.

- There are now approximately 1.96 million people at work in Ireland, it went up by 130,000 since the low point in 2012. This improved employment level is beginning to have a positive effect on the amount of disposable income available in the economy.
- The high sales volumes of new cars continued in the first nine months of 2015, with 114,446 cars licensed in the first three quarters of the year, up 31 per cent on 2014.
- Property sales are also buoyant, with 21,876 residential properties sold in the first half of 2015, up 31 per cent on the same period last year.
- Retail sales have also improved significantly. Sales volumes are up by 7.2 per cent in the third quarter when compared to last year. For the year to the end of September, retail sales have climbed by 6.2 per cent.

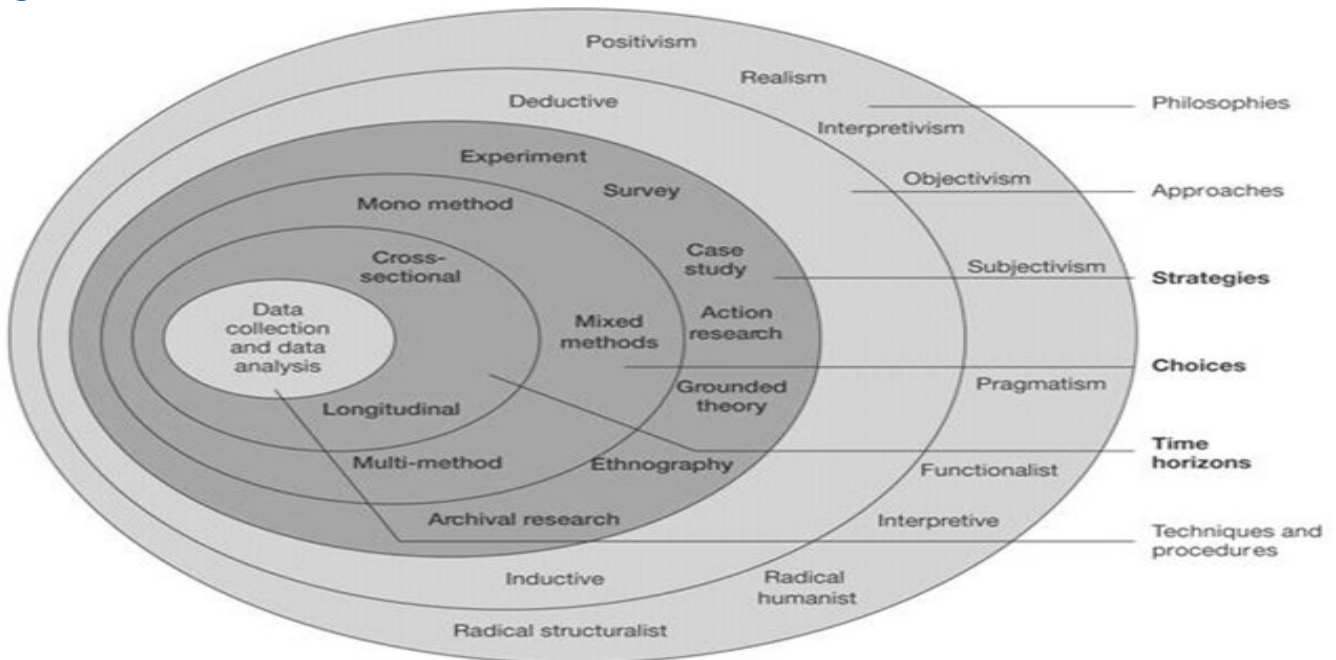
Methodology

I’m going to conduct an opportunistic sampling based on an European Member state which is Ireland. This country managed to recover their consumer spending after a drastic fall when the recession begun back in 2008. I’ve carried an interview with a Economics lecturer who was my economics teacher last year. In the interview I’ve include a lot of different type of questions about the current situation of the Irish economy and the other weaker member states witch were affected badly by the recession including questions about consumer spending, fiscal policy and the bailouts. Afterwards I’ve break down the answers witch I achieved from the interview and then explored deeper into the consumer spending recovery strategies and methods. My next step after that was explore the internet and newspapers about the information I’ve achieved from the interview I’ve carried out.

The EU Recession: An Analysis of Consumer Spending & Why Ireland has recovered faster than the other PIIGS Member States

Using the research onion see **Figure 1**, this will map and develop the research methodology for this study. This will include selecting a suitable research approach, relevant strategies and philosophies as well as the techniques involved in the collection and analysis of the data.

Figure 1: The Research 'onion'



Source: Saunders, Lewis and Thornhill (2007, p.102)

Research Philosophy

The first layer of the onion deals with the philosophical approach to conducting the research. The research philosophy according to Saunders, Lewis and Thornhill (2007 p.101), "contains important assumptions, these assumptions will underpin your research strategy and the methods you choose as part of the strategy."

Research Approach

The next element or layer of the onion is the type of approach the study will utilize. There are two types of research approaches namely inductive and deductive research.

Research Strategy

The next level of the research onion is the research strategy. This describes the research strategy as a generic plan guiding the way for the researcher to answer the research questions set forth. Each type of research strategy could be used for all three purposes: Exploratory, descriptive and explanatory. According to this research Strategy, the types of research strategy available are: cross sectional studies, experimental studies, longitudinal studies, surveys, action research, case studies, ethnography, grounded theory, hermeneutics, and participative enquiry. I've used this strategy when I done my interview with the Economics Lecturer by applying elements of the research strategy for the investigation on service quality gaps in the Irish Financial services industry. This case study strategy also has considerable ability to generate answers to the question 'why?' as well as the 'what?' and 'how?' questions. For this reason the case study strategy is most often used in explanatory and exploratory research. This study seek to answer 'why' and 'how' questions on consumer spending, fiscal policy and how Ireland have managed to Recovery after the Recession.

Research Choice

The next element or layer of the onion is research choices which refers to the methods used for quantitative and qualitative research.

Quantitative research

Quantitative research is one in which the researcher primarily uses post positivist claims for developing knowledge for example; cause and effect thinking, reduction to specific variables and hypotheses and questions, use of measurements and observations. Strategies normally used in this research design are experimental studies, surveys, and predetermined instruments used in data. In addition this research states that quantitative research usually emphasizes quantification in the collection and analysis of data. In-depth interviews are a useful qualitative data collection technique that can be used for a variety of purposes, including needs assessment, program refinement, issue identification, and strategic planning. By using this data collection technique in my interview I've identified how other counties that are still affected by recession can apply the same strategies as Ireland to recover their Economy.

As the research topic is investigative and exploratory in nature (Consumer Spending & Why Ireland has recovered faster than the other PIIGS Member States), the research method is quantitative. Therefore an in-depth interview have been selected as the primary data collection method by carrying an interview on an Economics Lecturer.

I've made use of existing sources of data that are publicly available on the internet, which is known as secondary sources of data. I've used secondary research to analyze the economies of the five Piigs Member States and how have they reacted to the recession and their current status at the moment.

Primary Research & Analysis

This is a detailed analysis to acquire an in depth understanding of how Ireland's economy have recovered. For my Primary Research I've interview my Economics Lecturer and I've examine his answers and explored deeper into the consumer spending recovery strategies and methods.

Throughout if answers in the Interview I've identified what it was that Ireland had done to reach once again their consumer spending back to its peak after recession, when so many other countries failed.

“If consumers cut back on spending, this will both reduce tax revenues and cause demand to slip. Suppliers will in turn cut back which results in lower wages and higher unemployment and can lead to a recession. In extreme cases, the lack of tax revenue can cause government defaults and the slowdown of banks' lending money can create panicked bank runs” (Source: Fariba Ronnasi Jul 21, 2014 “How Consumer Spending And Economic Growth Is Linked”)

This shows how vital consumer spending is to the economy of a country and shows the effect that it can have on a country's economy.

These are the questions that have been asked in the interview and the answers:

How important is consumer spending to a countries economic growth?

Ireland is an extremely open economy and has been an export-led economy regarding growth since 1959 when the policy was directed at closed economy growth; in more recent decades the engine of growth have been US multinationals based in Ireland forming the backbone of that growth; traditional Irish agricultural exports to the UK have declined in importance (approx. 18% of the total goods exported from their prominence in the past); exports of High-Tec goods, produced by US firms in Ireland account for the bulk of exports (with approx. 20% of the total Irish exports going to the US itself and approx. 60% going to the EU; thereby representing 80% or so of the total Irish exports); the whole sector tends to employ relatively less labour, given its capital-intensive nature and thus, the domestic economy (non-traded goods/services) employs a dis-proportionate amount of the workforce (those Small Medium Enterprises, in contrast to the large scale Oligopolistic US multinationals of the export sector - SMEs depend on consumer spending in the domestic economy) noting the single biggest employer itself, the government with approx. 300,000 civil servants (approx. 3 times those directly employed by the US firms in the export sector) from a labour force of approx. 2m; thus consumer spending on consumer goods/services and government spending on namely services are very important for employment. Noting that for example, if Irish exports grow greatly, there is not a lot of 'multiplying effects' in the domestic economy (given our very high marginal propensity to import); Ireland's recent recovery has centred on export growth, so recovery hasn't spread too far into the domestic economy (hence Fine Gael's election slogan of 'keep the recovery going' didn't mean much to some people only those benefiting directly from the upswing in exports).

How open/closed an economy is can be measured by $(X+M)/GDP = \%$; Ireland's % is extremely high if not the highest in the world; the other Pigs' economies would be less open and therefore consumer spending $(C)/GDP$ (and government spending $I_g + G/GDP$) in their domestic economy would be even

Denis Danca 10061122

more important, both for employment and growth. So how important consumer spending is to a country's economic growth is relative to its openness/closeness.

How does the Irish recovery to compare to the remaining PIIGS?

How does the recovery compare to the remaining Pigs/how has Ireland recovered faster/how important is the relative (compared to the Pigs) openness of the Irish economy?

Ireland: from about mid-2014, the economy began to pick-up due to Ireland returning to its main activity, export-led growth (with a pick-up in I, disproportionately US firms direct foreign investment); Ireland had the fastest growth of all EU economies in 2015, and is predicted to do the same in 2016.....

$$AD = C + I + G + (X - M)$$

given the importance of exports and that Ireland exports approx. 20% of total exports to the US and 18% to the UK, it is not totally attached to the stagnant EU growth, as the UK and the US grew at steady strong rates in recent years (together with the fall in value of the € against £ and the \$) => our exports performed well because of the external demand conditions in the UK & US (coupled with the correction in labour costs & other costs since 2008 crash => Ireland's cost base was again internationally competitive); other Pigs cannot devalue their currency against their main export countries as they have the same currency; and as stated, export growth anyhow would not have the same impact in Italy and it has in Ireland, where exports are far more important.

How important has fiscal policy been to the recovery?

Irish fiscal policy is now heading in the right direction, in that, the deficit (Expenditure > Revenue) has lessened from a height of 12% of GDP in 2013 to < 3% of GDP in 2016, namely through some expenditure reductions but revenue increases via economic growth has reduced the deficit % ie. the government needs to pay its bills; together with the deficit/GDP reduction, the outstanding government debt has also been heading in the right direction, down from 123% in 2013 to approx. 90% in 2016, again namely because GDP has been growing as opposed to the debt level falling, as government rarely reduce their debt (contrast to Greece's 170% debt/GDP); this makes it easier for Ireland to raise new loans/bonds on the markets at cheaper (interest) rates:

note: if your income is €100,000 per year (revenue) but you are spending €103,000 a year (expenditure); then that = 3% of GDP; you could easily get your parents/friend/neighbours to lend you the money, €3,000 at low interest re-payments (because they will look also at your stock of previous borrowings which if it is 60% of GDP, ie. €60,000 owed, then that it also okay because they believe that you should see your income growth increasing by 3% to €103,000 a year); you are managing your finances well; but if you have deficits increasing to €12,000 per year on an income of €100,000 and you aren't getting a salary rise, or worse a cut in salary, then your yearly borrowings have gone from 3% to

The EU Recession: An Analysis of Consumer Spending & Why Ireland has recovered faster than the other PIIGS Member States

12% (and your total stock of debt is rising as well from €60,000 to €72,000 ie. Debt/GDP = 72%); if you don't stop going out and having a good time (ie. reduce expenditures) or you don't earn more (revenue increases), then you become a more risky borrower, so any new borrowing from family/friends/neighbours will require higher interest rates, which will automatically increase the amount you need to borrow the next time....etc., you are in a spiral of debt; if it keeps going then nobody will lend you money, expect the 'loan shark/mafia' at stupid high rates of interest; not been able to pay for your lifestyle (eg. Civil servant wages/social welfare, and interest payments on debt => need to go to your rich aunt (EU/EC/IMF) and ask for a bailout because you are effectively 'bankrupt'. You get the money from your rich aunt but there are loads of conditions attached (as she is very strict); you have to stop going out to restaurants, stop buying the latest brands in shops => austerity...(very hard politically to reduce social welfare and civil service wages).

Ireland has reversed that situation first, by the government squeezing more earnings through higher taxes and charges (which depresses consumer spending/demand in the domestic economy) and to a lesser extent by reducing expenditures; but the turn-around was disproportionately aided by revenues earnings increasing (economic growth reduces unemployment, which in turn means that a government automatically has more income tax revenues coming in and less expenditure on unemployment benefits going out).

if the economy continues to grow then its deficit/GDP and Debt/GDP ratios will further improve, allowing it the room (fiscal space) to borrow at cheap rates and pump new demand/spending into the economy if it wants; we haven't stopped going out that much (stopped a bit) but we have got salary increases; we can go out on the cheap more now if we want to (fiscal space).

Overall, the luck of the Irish, the growth of the UK & US economies, together with the fall in the €, has boosted this highly open, yet small economy, coupled with a conservative government (2011-2016) to turn bankruptcy into fiscal space/room for 'going out'.

What (if any) specific measures have Ireland used to encourage greater consumer spending?

The government have turned their finances around so that they don't need to increase taxes and depress consumer incomes/spending further; they left the bailout in 2014, and the mood of the country began to change as consumers felt that 'austerity' was over; the consumer begin to get giddy and stated spending rather than not spending and paying higher taxes/charges & debt; the government in 2015 did not increase taxes and cut social welfare expenditure; the 2016 budget (announced in October 2015) saw reductions in taxes and increases in expenditures which increased consumer confidence/giddiness further; consumer spending has improved for sure but only marginally (not as large as the increase in I or certainly the increase in X regarding growth).

How important has the bank bailout been to the recovery?

The bailout for the banks (apart from the bailout for the government) was essential; as without a banking system, the match between savers (who don't need to spend surplus money and the borrowers who are dying to spend the money could not be brought together); a 'zombie' banking system, ie. Banking system that is too scared to loan out because they loaned out too much before; the bailout prevented the banking system from dysfunctioning, but the banking system is still quite cautious in lending out; eg. Irish SMEs complain that banks are quite conservative, only giving out credit to well established Small Medium Enterprises; consumers in Ireland have still a lot of debt, especially those who borrowed huge sums of

Denis Danca 10061122

money to buy houses and saw house prices fall for example by 50% between the peak of 2007 to the low of 2012, they don't feel like buying on the high street; Irish house buyers today need 20% deposit saved of the value of the house they want, so people renting (average Dublin rent of €1,400 per month) can't save the deposit required and thus demand for housing (and mortgages by banks) are slack; further, the construction firms costs in building a house are high pre-profit, so profit margins are tight, which in turn makes banks cautious to give builders (construction firms) loans to build as at the same time the Irish Central Bank has tighten the demand-side = housing crisis/shortage. This is all despite the Quantitative Easing by the ECB (at €60 billion per month since March 2015, raised to €80 billion per month this March 2016 ie. Injecting money into banks to loan out in an attempt to lift spending throughout Europe's euro-zone); but, maybe Europe's aging population are not grabbing the money/coupled with, as Ireland, a banking system that was carefree in the boom years of 2002-2008, to one which has become quite conservative.

In short, the bank bailout was vital (as an economy can't function without it); but maybe it has become too cautious having being burnt by its carelessness in the boom years.

What lessons&/or policies could the other Pigs countries learn &/or implement from the Irish experience?

Very good question and difficult to give an easy answer; given that the Irish economy is structurally different from the other Piigs (they have a less open economy to Ireland, which has a foot in EU but also in the UK & US, which beyond the control of the Irish government, gave Ireland a 'lucky' set of circumstances); otherwise, advice and lesson to be learnt is to try to control what you can control and the rest is luck; in 2008/2009, Ireland had a government up to their heads in debt, a banking system up to their heads in debt, a large section of consumers/businesses up to their heads in debt; but with good fortune (costs declining with wage cuts, income growth in US/UK and € falling for an extremely open economy that saw the engine of the Irish economy purring away once more with the 'Luck of the Irish'; government that was conservative in financial correctness, feeding into the consumer confidence that has seen the Irish from mid-2014 get 'giddy' with their spending as pubs/clubs/restaurants/shopping centres can see).

By carrying this interview out, I identified most of the techniques and methods Ireland have used to incise there consumer spending and bring in back on track. One of the techniques Ireland have used "government in 2015 did not increase taxes and cut social welfare expenditure; the 2016 budget (announced in October 2015) saw reductions in taxes and increases in expenditures which increased consumer confidence/giddiness further" This is a method that other members of the Piigs nations could use to improve their consumer spending. We can see throughout one of the interview answers how important the bailout was for Ireland to recover their economy.

Conclusion

After completing the Primary Research and analysis, I've gathered a very brief explanation why Ireland have managed to recover faster from the recession compared to the other four 'Piigs' (Portugal, Spain, Italy and Greece) which failed to improve their consumer spending and detect what they could have done differently. I've compared and contrast the consumer spending, unemployment rates, GDP, GNP and national debt in the literature review to get a better understanding how the five Nations Economies have reacted after the Recession.

Ireland have already recovered from the Recession and have managed to improve their Consumer Spending once again. I identified that the Irish economy is structurally different from the other Piigs Nations. They have a less open economy to Ireland, which has a foot in EU but also in the UK & US, which beyond the control of the Irish government, gave Ireland a 'lucky' set of circumstances. This shows that there are different circumstances in every Nation economy and sometimes it depends on the size of the county, its location and how the governments of these country's manage to implement actions and strategies on the country's economy. An advice that other "Piigs" Nation States is to learn from the mistakes that their county made in the past and try and control what they can, the rest is just luck. Recently, the majority of the PIIGS nations seems to be on the right track to recovering thanks to improved fundamentals. Falling government bond yields in most of these nations signals investors' increasing faith in Europe's most distressed group of nations. For example Spain has clocked its highest GDP growth rate in seven years. This is a sign that this county is on the right track. On the other side Greece seems to struggling the most with their recovery.

I am optimistic the results I detected will show the difference between Ireland and the other countries that are still struggling to recover after the European Recession. I am confident the this Research Project will help people to see the difference between these country's economies and show them where the ones that are still affected by the recession have went wrong.

Referencing:

- (Source: Fariba Ronnasi Jul 21, 2014 "How Consumer Spending And Economic Growth Is Linked")
- (Source: Saunders, Lewis and Thornhill (2007, p.102)
- (Source: Piigs.net "PIIGS - Portugal, Ireland, Italy, Greece and Spain")
- (Source: Trading Economics (2016))
- (Source: Surbhi Jain (Aug 18, 2014) "Must-know: Investing in the PIIGS nations")
- (Source: Trading Economics (2016) "Ireland Consumer Spending")
- (Source: Conor Pope (2015) The Irish Times "Big-spending consumers are driving 'miraculous' recovery")

