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# Ireland leaves recession [1]

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Those who wish the Republic of Ireland well will be heartened to see that the country is now officially out of recession, with a first quarter GDP up 2.7% on last year. Ireland is not out of the woods yet, since Moody's Economy predicts that the eurozone as a whole will slip back into recession later this year, with obvious significance for Ireland. However, it is a positive indicator.

It is significant because Ireland undertook one of the most severe austerity programmes. They launched a 5-year programme of tax hikes and spending cuts, with 8bn euros to be squeezed in 2010-2011 on top of the 3.3bn euros announced in their emergency budget earlier this year.

Fundamentally the Irish took a similar course to the one George Osborne announced in last week's budget. This contrasts with the alternative view, popular in the US administration, that government's borrowing and spending stimulus has to continue to keep the economy turning. The Irish have come out of recession during a fiscal contraction.

The Irish took the same view as Britain, that the nation's finances have to be put in order so that the confidence needed for a sustained recovery can develop. They have now brought two years of recession to an end, and shown that it can be done. It is encouraging news and we are among those who wish them well.

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