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# Think piece: How Ireland can leave the euro [1]

Written by **Blog Editor** [2] | Monday 28 February 2011

*The following memo, which has fallen into our hands, is a draft of advice to the new Irish Minister for Finance from a British colleague who has a wealth of expertise on how to handle economic crises. He prefers to remain anonymous for professional reasons.*

Dear Minister,

Congratulations on your new appointment. As you read the civil service briefings on the present crisis, you will come to appreciate that Ireland's problems would be much easier to manage if your administration could choose the country's own exchange rate and interest rate. However, your officials and your colleagues may believe that there is no practical way to leave the present European monetary union and so achieve this flexibility.

In fact, there is. Leaving the euro is politically tricky and economically costly in the short-term. But it is far from impossible. The long-term advantages clearly outweigh the short-term costs, and the politics can be managed. The following outlines how it can be done:

> 1. Announce on a Sunday morning that Ireland is ?temporarily suspending? its euro area membership.
>
> It is obviously vital that this announcement come as a surprise to markets. So you cannot discuss it with many people in advance. The Taoiseach and the Governor of the Banc Ceannais na hÉireann must obviously be informed and agree. However, even discussing the idea in a wider circle is likely to lead to leaks; in turn, this will cause a run on Irish banks and a complete collapse of deposits, destroying what is left of the economy. **[Continue reading]** [3]

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