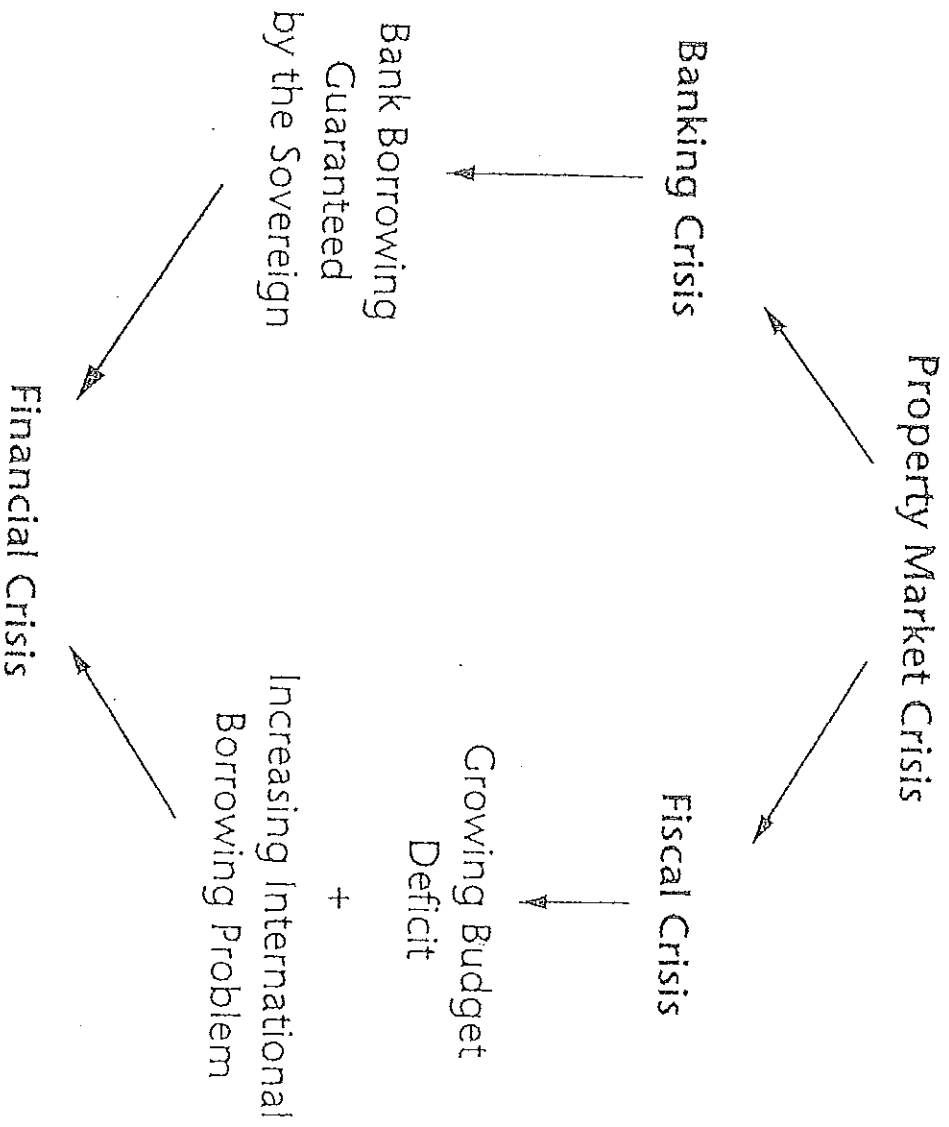


NCM, combining with the EMH, led to several major changes in emphasis in macroeconomic policy thinking:

- (i) Less focus on unemployment and growth objectives with greater attention paid to the pursuit of an inflation objective.
- (ii) A shift from demand management policies to supply side policies.
- (iii) Enhanced de-regulation of markets so as to free up the supply side of the economy.
- (iv) The creation of independent central banks run by technocrats rather than politicians.
- (v) The establishment of fiscal rules involving ceilings on budget deficits and public sector debt.
- (vi) An emphasis on light touch financial regulation.



Rates of Growth of Property and Construction Lending by AIB and Bank of Ireland:

	2004	2005	2006	2007	2008
AIB	32%	53%	41%	32%	3.2%
Bank of Ireland	63%	34%	40%	46%	20%
Anglo Loan Book	34%	41%	45%	34%	9.9%

(AIB statistics are for December to December; Bank of Ireland statistics are for March to March and Anglo statistics are for September to September)