

## ECB turned blind eye to predatory lending, ex-EU-ambassador says

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EUOBSERVER / BRUSSELS - The European Central Bank turned a blind eye to "irresponsible lending" by German, French, British and Belgian banks, the European Union's former ambassador to the United States, John Bruton has said.

In a damning speech at the London School of Economics on Monday (7 March) evening, Mr Bruton, also a former Irish prime minister of the same conservative political stripe as the current leader-elect, Enda Kenny, has accused Frankfurt of failing to use its powers to rein in speculative bubbles in countries such as Ireland and Spain.

"From 2000 on, British, German, Belgian, French banks, and banks of other EU countries lent irresponsibly to the Irish banks in the hope that they too could profit from the then obtaining Irish construction bubble," he said. "They were supervised by their home central banks, and by the ECB ... who seemingly raised no objection to this lending."

Noting that under the statute of the European System of Central Banks, the ECB is empowered to intervene to correct such problems, he demanded why Frankfurt did not act.

"If the Central Bank of a country was allowing its banking sector to grow to 300 percent of its GDP, surely the ECB would have seen the dangers in that and used its powers?"

"It is fair to ask if the ECB considered using [its powers] when it saw the domestic financial sectors in Ireland and Spain grow disproportionately, and if not, why it did not do so."

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