

Ireland's going bust

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This was in [Bloomberg](#) on Friday:

Ireland led a surge to record levels in the cost of hedging against losses on European government bonds on concern the high price of bank bailouts and economic stimulus packages will strain public finances.

Credit-default swaps on Irish government bonds rose 7.5 basis points to 355, and have jumped 95 basis points this week, according to CMA Datavision prices. Contracts linked to French, German, U.K and Spanish debt also rose to all-time highs.

The perceived risk of holding Irish debt soared the most after the government said it will invest 7 billion euros (\$9 billion) in Allied Irish Banks Plc and Bank of Ireland Plc to cushion a rise in bad debts as property prices plunge.

It is glaringly obvious Ireland can no longer afford its commitments; commitments that were fuelled by its low corporate tax policy.

That low tax rate will have to go as a condition of the inevitable forthcoming bail out.