

Ireland needs to recognise low tax is not the answer

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The [FT has reported](#):

Ireland's unemployment rate climbed to 11.4 per cent in April, from 7.7 per cent at the end of 2008, putting further strain on the public finances.

The independent Economic and Social Research Institute think-tank predicted worse to come, forecasting that the jobless number will average 16.8 per cent of the workforce in 2010, the highest rate since the mid 1980s. It estimated unemployment will average 13.2 per cent this year.

There is no pleasure in noting this. There is real human loss in this story.

But it makes a point: [I said for years](#) that there was no Celtic Tiger. I was right. There was not.

There was just a bubble based on an artificial factor of production — tax. And it has burst as all such bubbles do.

That's painful. Ireland is in for a long period of adjustment. The sooner it gets over its dedication to low tax the quicker it will recover.