

The reality of unlimited liability

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[FT.com / Europe - Irish banks face shortfall of €32bn.](#)

The FT notes:

Ireland's banks face a capital shortfall of up to €32bn, the country's regulator and finance ministry said on Tuesday, with the Irish government liable for up to three-quarters of that figure.

The black hole, equivalent to about 20 per cent of gross domestic product, is far bigger than expected.

The people of Ireland are discovering, as have the people of Iceland before them, the reality of limited liability. The upside belongs to shareholders. The down side is public.

There is no chance of building the new economy that is needed unless the asymmetry of this situation is reformed and yet almost no thinking has been done on the issue.

It's one I want to work on because quite clearly this cannot persist.