

The European banking cancer: cut it out

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I argued recently that if the banking crisis in Europe was to be solved then direct investment in banks had to be allowed.

Last night the Germans agreed and [as a result the FT comments:](#)

Eurozone leaders agreed to radically restructure Spain's €100bn bank recapitalisation plan, [allowing EU bailout funds to eventually be injected directly into teetering Spanish financial institutions](#), meaning Madrid can sweep the burden of the bailouts off its sovereign books.

Now its time to do the same for Ireland and Portugal.

And in each case the banks have to be nationalised. Not if, or but, but entirely. The cancer in banking cannot be reformed without such change.