HOW IRELAND IS LIKE AIG

This summarizes everything I've been hearing about the forced bailout of Ireland over the weekend.

> The pressure for a bailout of Ireland did not come from Ireland itself—it came from Eurozone officials. If anything, Irish Finance Minister Brian Lehnihan's announcement over the weekend that Ireland would seek a bailout was a concession to its European Union friends.So why would the Eurocrats demand a bailout of Ireland when Ireland insisted it didn't need one?
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> The first reason is that much of Ireland's debt—both its sovereign debt and the debt of its banks—is held by many of Europe's largest financial institutions. The continued downward pressure on the market value of Ireland's debt was causing balance sheet issues for these banks. Many of Europe's banks had written credit default swaps on Irish debt, which was draining cash. Finally, the banks were finding it increasingly expensive to borrow against Irish debt—that is, other banks would not lend money in exchange for Irish debt as collateral, except at steep discounts—creating the potential for a credit crunch.
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> Which means that this is not so much a bailout of Ireland—it's a bailout of Ireland's counterparties. That is to say, it's a bit like Europe's version of AIG: a backdoor bailout of invisible financial players who failed to manage their exposure to a shaky borrower.

But this is where things will get interesting. Ireland's Greens have already called for a new election and the ruling Fianna Fail will surely be thrown out early next year. In fact, the government probably won't last long enough to pass the budget with the further austerity requirements demanded by EU.

Unlike with AIG, we didn't have much opportunity to refuse to pay the banksters bill (we were left solely with the opportunity to kick out the party that had made the AIG deal, though it didn't get us much in terms of new players). But the Irish may well have that opportunity.

It almost makes me want to go take my Irish citizenship for a test drive…