

## **Bail-ins were once unthinkable. Now they`re all the rage**

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By Andrew Lilico | The Telegraph Blogs

Many commentators still cling to the idea that in 2008 and 2009 there was no credible alternative to bailing out the banks with taxpayer recapitalisation schemes. Indeed, many declare these bailouts a "success" despite the fact that they led to the worst year of recession in the UK since 1921, a contraction of Irish nominal GDP of 20 per cent, and sovereign bankruptcies in three developed countries (and counting), and the fact that, three years later, we still send tens of billions every few months to bail out the banks some more (though now we have re-badged these bank bailouts "sovereign debt bailouts", because that feels more palatable). One hesitates to ask what a "failure" would have been.

Whether one proclaims the bailouts programmes a success or failure in their own terms, it simply isn't true that there was no credible alternative. And I don't mean just leaving the banks to fail like any other business (though even that might not have been quite so bad as widely imagined). What I mean is the following programme (which I and others argued for at the time):

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