

[Even The Guardian has got the point about the Spanish banks](#) [1]

Written by [Tim Worstall](#) [2] | Sunday 10 June 2012

The general tenor of the screaming about the British banking system comes, of course, from the general ignorance of those doing the screaming. Apparently it's this mixture of casino banking with retail that caused all the bank falling over syndrome. That and the general greed of shareholder driven banking which must also be curbed.

Except, of course, it wasn't either of them: RBS fell apart over an expensive acquisition too far, Northern Rock didn't even have any casino banking, HBOS just lent too much into the property boom and got stuck by the bust and Lloyds got shafted by merging with HBOS. Several mutuals fell over from the property bust too: and Lehmans didn't even have a retail arm so couldn't have been brought down by the mixture of that with casino banking.

But whatever, it's not what is true that matters it is what people believe is true which does. And there's very definitely a movement (from points Compass, nef and other idiot lefties) that what we really need is to stop having this capitalist banking at all. We should have regional, perhaps mutual perhaps state owned, banks. Run by a mixture of stakeholders and very definitely including local politicians so that the wider interests of society can be considered: not just the demands of Mammon.

Which brings us to The Guardian on the subject of the Spanish [banking system](#) [3]:

Chairmen were often unqualified politicians, with academic investigators finding a close relationship between the size of a bank's bad loan book and the inexperience, lack of qualifications and degree of politicisation of the chairman.

Neatly illustrating one of the basic points of agreement of all of us here at the ASI. We do not say that markets are perfect. We do however say that all too often, any alternative to a market is worse.

In English terms the Spanish *caja* system was run on the basis that when not Mayor of London Ken might drop in to run the Bank of London. Or in an area controlled by the other lot, Boris. With perhaps Lee Jasper or Seb Coe running the audit committee. And there really has been a serious proposal that Prem Sikka, Richard Murphy and Anne Pettifor should be on the board of one or more such mooted regional banks.

We don't say that the City is perfect but Spain shows how much worse the alternatives can be.

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