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Go after the real culprits of the crisis instead of just bashing bankers [1]

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Every child learns at some stage that a good way to divert blame is to point the finger at someone else. Now the politicians on the Parliamentary Commission on Banking Standards have discovered the trick. They hope that as the lynch mob pursues the HBOS trio of Sir James Crosby, Lord Stevenson and Andy Hornby, the role played by politicians in the financial crisis will be quietly overlooked.

If so, they reckoned without Fraser Nelson. The Spectator Editor, writing in today's Telegraph,exposes the accomplices who should share their guilt [3]. Politicians were "infatuated with bankers," he writes, largely because financial services provided two-fifths of all corporation tax collected for a government that over-dosed on spending.

> *"Financial greed is always dangerous, but when paired with political vanity it becomes lethal. By working hand-in-glove with the financial sector, Labour ran a form of crony capitalism ? and allowed the banks to have loans of up to 35 times their assets. Brown?s government was so dazzled by the tax haul, so swept up in the party spirit, that it left the teenagers with the car keys and a case of tequila. The crash was inevitable."*

Correct, as we have said before on this site. By all means point to the greedy bankers taking reckless risks, but don't overlook the people behind them, the politicians and central bankers who facilitated this and egged them on for political gain. Fraser's piece should be required reading for those involved in public finance, not least because the lessons have not been learned.

> *"Government still thinks it can rig the banking system. It still places its faith in dangerously underpriced debt. It still thinks that the remedy for our hangover is some salt, some lemon and another round of tequila. Even bankers are looking on aghast. The financiers, after all, did not cause this downturn. They added to the drama, but the basic problem was (and remains) one of overspending."*

Before people can work on a remedy, they should first work on their understanding of the wrong.

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