This is just too delicious for words [1]

Written by **Tim Worstall** [2] | Saturday 15 September 2012

So, they've finally nailed one of the bankers, fined him and banned him from The City [3].

> Peter Cummings, the HBOS banker whose division lent billions of pounds to property developers, has been given a lifetime ban by the Financial Services Authority for his role in the banking crisis. Cummings, who has also been fined £500,000, is the only former HBOS banker to be penalised by the City regulator as a result of the near-collapse of the bank which was rescued by Lloyds in September 2008 - and the highest profile banker to be punished since the financial crisis.

I find this all just too delicious for words.

Let's just potter through the standard critique of The City and banking shall we?

Everyone was too committed to trading and products rather than relationships. Too much investment banking and not enough commercial banking. Exotic products and derivatives rather than proper loans to real businesses. Even, not enough real investment, only loans.

We're told that the answer to all of these problems is to divorce investment from commercial banking. To tax, with the Robin Hood Tax, that socially useless trading. To reduce the productisation of things and to go back to relationship banking. To encourage banks to provide real capital, equity, not just debt and loans.

I'm not being unfair here, am I? This is generally the current received wisdom, yes?

So, which banker do we actually fine and ban from The City? The one who used no derivatives. Did not do any trading. Was a straight commercial banker, nothing to do with the socially useless stuff at all. Who invested in real companies making real product. Who was willing to invest equity as well as just provide debt finance. Whose activities would not have been affected for one moment by a Robin Hood Tax.

One of these three things has to be wrong. The initial analysis of the basic problem, the solution to that perceived problem or the bloke we've dumped the blame upon.

Unless, that is, we English are even better at irony than our global reputation already suggests. Punishing the guy who did what everyone says all bankers should now just do is irony, isn't it?

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