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# Sir David Walker: A response [1]

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Sir David Walker's report will be widely welcomed as sensible and indeed it does have some good aspects, notably limiting bank directors on the number of boardroom tables they can grace. Unfortunately, the major part is a hollow reannouncement of powers the FSA already has but has shown itself incapable of applying. The FSA can already veto bank director appointments it deems to be wrong but the FSA lacks the skills to distinguish "good" from "bad" appointments as at least one recent appointment testifies. And even if it did have those skills, would it have the muscle to impose that opinion on a united board of a major bank that thought otherwise? Such opinions are subjective and hard to prove in a court of law. And the FSA is run by lawyers.

Eminent as Sir David is, he is part of a system which has resisted all outside calls for major behavioural change so far, with the sole exception of switching short term cash bonuses to long term paper ones. Internally, banks have rediscovered conservatism not because of any government or FSA regulation but because the market has delivered a major shock. The same will apply to the future behaviour of bank directors. Until today's junior managers are taking their pensions, that is.

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