IMF: Global Banks Addicted to Short Term Speculation

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> It seems some pundits were right, if we are too soft on the big banks they would continue to pursue bad habits which caused the global economic crisis of 2008.

Christine Lagarde

Yes indeed, it is obvious we were far too soft on the banking sector after the crisis they caused in 2008. Christine Lagarde from the IMF also supports the view, and it is her job to know what international banking is doing! Rather than bailing the big banks out with our tax money and forfeiting the opportunity to oversee how that money was spent/used, puppet politicians allowed the banks to determine how OUR money would be spent (bonuses) without the least oversight.

Lagarde also cited banks for continued scandalous and unethical behaviour today. However, it is clear to everyone that if wrong-doing isn't punished, regulated or reformed it would continue.

Article from The Peninsula follows:

> **Global banks haven’t changed since crisis: IMF**
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> IMF Chief Christine Lagarde addressing the inclusive capitalism conference in London yesterday.
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> London: The head of the International Monetary Fund has warned that a persistent violation of ethics among bankers and rising inequality pose a major threat to growth and financial stability.
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> Christine Lagarde told an audience in London that six years on from the deep financial crisis that engulfed the global economy, banks were resisting reform and still too focused on excessive risk taking to secure their bonuses at the expense of public trust.
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> She said: “The behaviour of the financial sector has not changed fundamentally in a number of dimensions since the crisis. While some changes in behaviour are taking place, these are not deep or broad enough. The industry still prizes short-term profit over long-term prudence, today’s bonus over tomorrow’s relationship.

"Some prominent firms have even been mired in scandals that violate the most basic ethical norms — Libor and foreign exchange rigging, money laundering, illegal foreclosure."

Lagarde warned the too-big-to-fail problem among some of the world's largest financial institutions was still unresolved and remained a major source of systematic risk, with implicit subsidies of $70bn in the US, and up to $300bn in the eurozone.

In a speech littered with quotations from Winston Churchill to Pope Francis and Oscar Wilde, Lagarde said international progress to reform the financial system was too slow. "The bad news is that progress is too slow, and the finish line is still too far off. Some of this arises form the sheer complexity of the task at hand. Yet, we must acknowledge that it also stems from fierce industry pushback, and from the fatigue that is bound to set in at this point in a long race."

Lagarde told the inclusive capitalism conference that rising inequality was also a barrier to growth, and could undermine democracy and human rights. The issue has risen up the agenda in recent months with the publication of the French economist Thomas Piketty's book, Capital in the Twenty-First Century.

"One of the leading economic stories of our time is rising income inequality, and the dark shadow it casts across the global economy," Lagarde said.

Borrowing from Oxfam research, she noted that the world's richest 85 people, who could fit into a single London double-decker bus, control the same wealth as the poorest half of the global population of 3.5 billion people.

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