

It's just a matter of when

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As the [Guardian reports](#):

Britain's banks were given the go-ahead tonight to pay unlimited bonuses, drawing to a close a two-year political battle to rein in the City.

After months in which a series of government ministers of all parties have threatened a toughening in the stance over City bonuses, Downing Street said the government did not intend to intervene in the pay of the UK's top bankers.

It's one of many, many U turns the government will be making, but that's not the issue.

The issue is that this means that the government has backed down on any attempt to regulate financial services. On the talismanic issue of bonuses, which is of such importance in public perception, they have given way. From now on the City knows it can do what they like, and that is the fundamental problem. We now have a country divided between an elite who think they are beyond regulation, and the rest who suffer the consequence of their abuse. That is the critical issue which will have to be addressed in the future. This is a gift to Labour, but it's a disaster for the country.

Finance should be the servant of the economy, in which role it is absolutely fundamentally important. But when finance rules an economy that economy is virtually bound to fail. Aristotle was right: you can't make money out of money and that game will surely fail, again. it is just a matter of when.