

The FT now says big business is bluffing when it says i...

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[Liberal Conspiracy noted this - I missed it:](#)

The Financial Times today has an astounding editorial comment.

It is also very spot on. [An excerpt:](#)

While everyone pays lip-service to the need for a safer system, not everyone's commitment runs very deep. In recent months the financial sector has been lobbying ever more fiercely against structural change or higher capital requirements, arguing that the banks are pretty much safe as they are.

Institutions have warned that further regulation would simply result in defections to less onerous jurisdictions. HSBC is talking to its shareholders about whether it should move its domicile to Hong Kong. Standard Chartered has hinted that it might do the same.

Such threats should be faced down, not just because they are unreasonable but because they are of questionable credibility.

It is not clear what "moving abroad" actually means. Were a bank such as Barclays to shift its headquarters, the impact on the UK would surely be minimal as it would still do much of its business and pay taxes in the country.

What is more likely anyway is that rather than upping sticks altogether, some banks may reduce their new investments in Britain. This might make the City slightly less of a hot spot, but it would not be a disaster. And were it to be the price of financial stability, *this would be a price worth paying.*

This is the argument many on the Left had been making for years — that the City was holding governments hostage to low regulation and massive bonuses by threatening to move.

For the FT to say the government should call their bluff shows not only how shallow this threat is, but illustrates how little the FT thinks the banks have changed.