

We need good markets - not what we've got

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The [Guardian blog ran commentary](#) on the supposed attack on the City by the EU today. They quoted me saying:

It's an extraordinary statement of priorities at the moment in itself the fact that the city is at the top of the agenda when there is so much concern about the impact of bankers. The very cause of the problems addressed by Europe is to some degree being defended by David Cameron as his number one priority. We might agree that the City has a role, to make it your priority is extremely odd.

But purely economically he is also wrong. The problems in Europe there is a balance of payments crisis. As [Martin Wolf argued in the FT yesterday](#) [£] the value of payments is wrong and we need to put that right. One of the major reasons that's happened is because of the free movement of capital which is the basis of the City of London. We need to slow it down. A financial transaction tax would help do that. It's one of the essential measures to bring capital back under control. We do need capital controls.

On the wider proposals, he added:

This is about accountability and transparency and making sure that people pay their taxes. It's about effective markets. Why are they trying to maintain the status quo which is so flawed? Demanding a hedge fund is run, regulated and taxed in the same place is right. This is not being anti-market; it's arguing for a good market.

Quite so.