

Barclays: if market rigging doesn't shatter the illu...

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[Barclays stood](#) accused of market rigging [on LIBOR](#), [and pleaded guilty](#).

There will be a lot of appropriate anger as a consequence. But let's look at the deeper issues.

First, the idea that there are markets, even in the City, is shattered for good. LIBOR was systematically rigged.

Second, this is systemic. The number of banks involved is large, and Barclays acted in a coordinated fashion with others.

Third, the means the assumptions of the efficient market hypothesis that underpinned City regulation have to be swept aside for good: they're a fantasy, as some of us have said for a rather long time.

Fourth, this means that the entire attitude towards the City has to change. The argument that the action of bankers adds value is now obviously open to serious doubt. The manipulation of LIBOR was a deliberate exercise in free-riding society. The supposed 'added value' of the City increasingly looks like a myth.

It's time to rebuild the UK.

We need a real industrial policy.

We need a Green New Deal.

We need finance put back in its box. As I argue, of course, in *The Courageous State* (see right).