

## The myth of globally competitive markets has to be chal...

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I was pleased to [see this in the FT this morning](#):

*A bipartisan group of senators has taken aim at the largest US banks, introducing legislation to bring back a version of the 1930s Depression-era Glass-Steagall Act, which separated traditional banking from riskier services and was repealed in 1999.*

*The move, led by Elizabeth Warren, a Massachusetts Democrat, and John McCain, the veteran Republican from Arizona, marks the latest congressional attack on US financial institutions accused of being "too big to fail" and of exposing taxpayers to the risk of government bailouts.*

As the FT also say, the bill has helped put Wall Street banks on the defensive in Washington, despite the fact that it is unlikely to advance in this Congress. I suspect that's true, but it's not the point. The point is to make sure the possibility of change is debated. And it is curious to note the defence:

*Tony Fratto, a US Treasury official under former president George W Bush and managing partner at Hamilton Place Strategies consultancy, said the legislation announced on Thursday was "hard to take seriously". He added: "Even trying to implement this proposal would do damage to our ability to compete in a global economy."*

As ever, it is claimed that competition in a global economy is the reason for continuing abuse at cost to ordinary people. But those ordinary people know that global economy is not benefiting them on this issue and they also know that competition in it is rigged entirely in favour of bankers, and not in favour of anyone else because the way the so called market operates bankers can't fail but win even if everyone lese loses. That's not competition at all.

It's good to see that even people like McCain - a man for whom I have little time - can see this.