

Do banking disasters reflect rotten apples – or a rotten basket?

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What caused the banking crisis and financial system collapse in 2008-9 can easily slip off the media's news list. It's too complex an issue to sustain continuous media attention. But [Bart Cammaerts](#) hopes that the personalization of the issues in a lengthy new trial about a French banking disaster will help keep us focused on what went wrong.



In the 11th chamber of the criminal court in Paris the trial of Jérôme Kerviel started yesterday (8 June 2010). Aged 33, Kerviel is accused of losing about 5 billion Euros through trading futures for the French bank Société Générale and hiding his colossal losses through falsifying the books. He risks paying dearly for his own greed. But as his defence case point out, his behaviour reflects also his employers' greed.

Kerviel's case hit the international media in early 2008. It was not the first of its kind, but it was one of the many early signs that something was going seriously wrong within the financial sector at large. It will be interesting to see how this trial plays out in Paris – in the wake of the global banking and financial crisis that erupted some 9 months after Kerviel was caught, and which has forced many countries' taxpayers to bail out and underwrite almost the entire sector in one way or another.

Kerviels' defense team already claims that this is not merely a case of personal responsibility, but that it was the banking system that pushed him to do what he did. The pressure from his superiors to increase his profit margins, the overall culture of taking extremely high risks to achieve this goal, and the lack of internal and external control mechanisms to stop him, will undoubtedly all be exposed at length during the trial and in the media. Some observers, including the banking sector itself, will of course take the opposite course – portraying Kerviel as the rotten apple in an otherwise healthy basket, the greedy rogue trader acting on his own and intelligently covering his tracks.

Given the predicament we are in at present, namely that financial debt has turned into public debt and that we all as citizens will start paying a price for that, it would be healthy if this trial could serve to reinvigorate the debate across Europe and most crucially in the UK about the way banks operate(d) within a ubiquitous culture of greed. The issues about how banks and hedge funds can be more stringently regulated and taxed, and the debate about how far they should be, are critical issues for our times.