The City Libor traders are not criminals, they never were

Y
ou don’t have to like City traders (hardly anyone does) to think that today’s Libor verdict overturning criminal convictions is just.

Until Libor, the rate at which banks borrow from each other, became central to the financial crisis it was a niche instrument even in the Square Mile.

It wasn’t really regulated, and no one much cared.

With the system teetering, it suddenly became important that Libor was low to suggest that banks trusted each other, whatever the reality.

The notion that the financial authorities didn’t know, indeed take part in, efforts to massage Libor down is plainly absurd.

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Moreover, they were right to do that. Since the Bank of

England was going to sit behind the banks in any case, a little light massaging of the Libor rate was incidental.

There was no free market in operation at this point, it was a government led rescue operation with the City required to do its bit.

The traders who were tinkering with Libor weren’t being altruistic, but they were just doing their job, and anyone who mattered understood that.

Retrospectively, in the hunt for people to blame, traders including Tom Hayes were convicted. As he said: “They wanted to jail a banker, I was that banker.”

Not for the first time, America’s judicial system has shown itself superior to ours.

If the Libor prosecutions were serious instead of just for show, very senior bankers and officials would probably be in clink.

As Judge Colleen McMahon said at one point of the trial: “I’m always uncomfortable when I’m asked in any context – it usually happens in the drug context – to sentence the low man on the totem pole while the big guy goes free.”

Now two former Deutsche Bank traders, Matthew Connolly, 58, from New Jersey and Gavin Black, 52, from Twickenham, Middlesex, have been acquitted.

The traders are not criminals. They never were.