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THE WALL STREET JOURNAL.

WSJ.com

EUROPE NEWS | JANUARY 31, 2010, 5:40 P.M. ET

Bankers at Davos Face Global Ire

By [MARCUS WALKER](#) And [EMMA MOODY](#)

DAVOS, Switzerland—Not so long ago, financiers ruled the roost at the glitzy annual gathering of the global economic elite here in the Swiss Alps. At this year's of the World Economic Forum, the unofficial theme seems to be "First, kill all the bankers."

The ire directed at bankers from all sides is palpable, acknowledged Donald Moore, chairman of [Morgan Stanley](#) in Europe, as he stood alone reading some charts amidst the hubbub at the forum's Global Village cafe. Asked which other groups of people have been similarly unpopular in Davos in the past, he said: "terrorists."

The quip reflects the mounting alarm with which bankers have come to view their besieged profession—even in Davos, a usually cozy gathering.

The scorn poured on the industry at this year's get-together in the Swiss ski resort is a sign of a mounting international backlash against the financial sector. Popular anger about banks' role in the financial crisis, and their behavior in its aftermath, has spilled over to the world's elite business executives, politicians and regulators. Since gathering here Wednesday, they have been aiming sometimes bitter recriminations at the tainted masters of the banking universe.

"I think that the relationship between government and banks has changed irreversibly," said Peter Sands, group chief executive of Standard Chartered PLC and a co-chair of the Davos meeting. "I think the banks have not helped themselves at all. We have been tone deaf, and shot ourselves in the foot," he said, adding, "We all need a little humility."

Such servings of humble pie are just a taste of a political atmosphere that has turned poisonous for banks. Many bankers are keeping a low profile, preferring private meetings to appearances on discussion panels. Under rising pressure, some bankers are even turning on their peers.

On the fringes of one of the many showy events that host the real business of Davos, a senior London-based investment banker offered this wager: Lloyd Blankfein, CEO of [Goldman Sachs Group Inc.](#), would be out within two years, he said, and he was prepared to back up his bet with millions of pounds.

Mr. Blankfein isn't the only target of antibanker anger. But he presides over the world's most successful investment bank. Goldman has emerged from the financial crisis stronger than ever. And Mr. Blankfein has been among the most outspoken public defenders of banks and he has paid his bankers well, though the level of bonuses was cut in the last round.

Asked about the wager over Mr. Blankfein, Goldman spokesman Lucas van Praag said: "It is preposterous that The Wall Street Journal would even consider publishing such effluent."

Support is growing among governments and regulators for a more aggressive clampdown on banks' practices than looked likely only a few weeks ago.

Proposals for tough new taxes and rules from the U.S., U.K. and other governments are feeding a growing determination among officials on both sides of the Atlantic not to let the financial sector off lightly, after banks' losses nearly caused a global economic crash.

Relief about the easing of the economic crisis is giving way to demands for far-reaching change, dismissals of banks' objections, and questioning of the value of many financial sector activities.

"We should stop the blame game and we should start looking forward," [Deutsche Bank AG](#) Chief Executive [Josef Ackermann](#) said Friday, arguing that a plethora of new taxes and proposals is damaging the banking sector.

"If you don't have a strong financial sector to support the this recovery... you're making a huge mistake and you will regret that later on," he said.

Mr. Ackermann and other leading bankers met behind closed doors with finance ministers, central bankers and regulators from major economies in Davos on Saturday in an attempt to build bridges.

Bankers who attended said that the talks were "constructive," but little concrete result emerged and officials continued to express their determination to beef up regulation.

One European bank chairman complained that the organizers of the conference had invited too many politicians and regulators to what was formerly a friendly get-together for the business elite.

At times the atmosphere has turned downright hostile, say some. French President Nicholas Sarkozy delivered a populist broadside in the keynote address to officially open the meeting.

"There is indecent behavior that will no longer be tolerated by public opinion in any country of the world," Mr. Sarkozy told the conference.

"That those who create jobs and wealth may earn a lot of money is not shocking. But that those who contribute to destroying jobs and wealth also earn a lot of money is morally indefensible," the French president added.

A widespread view heard here is that banks have brought much of the anger upon themselves, by appearing to return to a culture of high risk-taking and lavish pay as soon as they were out of intensive care.

"I think banks have misjudged the deep feelings of the public regarding the devastating effects of the crisis," said Guillermo Ortiz, until recently Mexico's central bank governor.

Bankers from outside the U.S., where the bonuses and risk-taking have traditionally been greatest, complain that all bankers are being tarred as villains.

Even banks that acted conservatively face new regulations that could make doing business more complicated and costly.

"The banks who stayed strong are angry at the banks who had poor management," [Robert Diamond](#), president of the British bank [Barclays PLC](#), said at a debate on rethinking financial-systemic risk.

"I've seen no evidence that shrinking banks and making banks...more narrow is the answer," Mr. Diamond said, criticizing the U.S. proposals.

If regulators try to eliminate the risk of banking crises entirely, said Alessandro Profumo, chief executive of Italian lender Unicredit, the result will be "a very inefficient system, and I think we are

moving towards that."

That argument is falling on deaf ears at Davos.

Jean-Claude Trichet, president of the European Central Bank, said the financial crisis has fundamentally changed the relationship between the banks and government because taxpayer money was used to rescue the financial system.

"We were very close to a full-fledged depression had the government not stepped in," said Mr. Trichet. "We put taxpayer money at risk to guarantee loans at banks ... a gigantic amount."

Deutsche Bank's Mr. Ackermann on Thursday held lengthy private talks with more than 30 top bankers on the edge of the Davos conference, to agree on a common line for negotiations with governments. The hope: a constructive offer to regulators would take some of the heat off banks.

The talks lasted five hours, but the group struggled to find common ground.

"We've tried before, but we aren't going to be able to come up with an agreement," said one of Europe's top investment bankers: "We're too competitive with one another."

One group enjoying the bankers' pain at the global capitalism-fest in Davos is the trade-union movement.

"We were never sure if we were really welcome here. This time, we are speaking on panels, we have a seat at the table," said Philip Jennings, general secretary of the UNI Global Union.

Now, bankers are "at the bottom of the totem pole. They've been rumbled."

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