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The politics of a bank run



So many people have come forward to swear by the stability of the Czech banking system in the past 48 hours that depositors are starting to become suspicious. If the spotlight is shining toward any one bank, it's ČSOB, because of the similarity of the situation of its parent bank, KBC, to that of Fortis. Times like this must really make ČSOB wish its supervisory board chairman, Jan Švejnar, had won the battle earlier this year for the Czech presidency. Instead, the bank faces a hostile Castle and a hostile finance ministry. Some people in ODS would consider it poetic justice if ČSOB were hit with a run on deposits the way IPB was eight years ago. If it happened, though, it would pose a greater risk to the broader banking system than even the failure of IPB in 2000. If there is anything the U.S. crisis has shown conclusively, it's that petty politicking when banks are tottering is an expensive endeavor.