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FT: Fatuous Trots

"..I sat at my desk wringing my hands, transfixed by the tragic slapstick of British politics..

"We are in the biggest domestic political crisis of my life..

"This is only the second time I can remember when the normal, trivial business of office life has stopped — and stayed stopped..

"I've witnessed a few surprising general election results, a few terrible terrorist events, a few sporting triumphs and defeats where we stopped and gawped and worried or marvelled for a little, but it never lasted long..

"The only other time I can remember when everything ceased was after 9/11..

"Another acquaintance, who holds a senior management job at a well-known company, reported feeling so lethargic and powerless he cancelled all but the most essential meetings and sat in his office staring at the news on screen, feeling increasingly out of control..

"Instead I went to work, and read more gloom about the UK economy. Sterling falling. Buyers pulling out of the property market. Decline in new job postings. And that is before the productivity catastrophe created by all this lethargy and all-round uncertainty.."

- Lucy Kellaway, 'Carry on Post-Brexit, whether calm or not', *The Financial Times*, 3 July 2016.

"..Amazingly, Singapore's net international assets reached 340 per cent of gross national income in 2017.

"How can anybody imagine this is a credible model for Brexit Britain? Far from being able to offer stability to global businesses, the UK is busily blowing up the basis on which many of them came to the UK. Far from guaranteeing favourable access to its most important regional economic arrangement, the UK is leaving it, possibly without any deal at all. And, far from being a city-state of 5.6m people, the UK is a geographically, socially and politically diverse democratic polity of 66m. Its future should not — and will not — be determined by people and businesses enticed by turning it into nothing more than a haven of low taxation and light regulation. That cannot stand."

- Martin Wolf, 'The Brexit delusion of creating 'Singapore upon Thames', *The Financial Times*, 7 February 2019.

Hell hath no fury like an elite ignored. Readers wishing to tear their faces off may be interested in reading the latest effort by the FT's pompous-sounding 'Editorial Board'. The FT seems to be taking a leaf out of *The Economist'*s book by imposing anonymity on a growing number of its articles. Not wanting to be held accountable for the piece in question is entirely understandable. The article is titled 'How to build a more responsible capitalism'. What follows is exactly the sort of squishy, virtue-signalling, socially fashionable bandwagon-squatting that has caused more experienced FT readers to abandon the publication in droves under Lionel 'Légion d'Honneur' Barber's editorship. This correspondent only retains his subscription for the inadvertent comedy value. Low taxes ? Light regulation ? How *tasteless*.

So, why should 'we' build this 'more responsible' capitalism ?

> There are clear reasons why further action is necessary. They include the rising tide of protest about failure to tackle climate change, the commitment of younger workers and customers to purpose-led businesses (and their disquiet about companies that fall short), and tensions over the fact that wages continue to lag overall economic growth.

Anybody taking this Marxist guff at face value would imagine that Brexit Britain had already crashed off the cliff edge into a Mad Max-style dystopian Armageddon. Your correspondent prefers the amusingly snarky perspective of Nick Hubble over at Southbank Investment Research:

Unemployment? Down!
GDP? Up!
FDI? Record!
Inflation? Sweetspot!
Stockmarket? All-time highs!

We demand:

<u>3 More Years</u>
<u>Of Brexit Chaos</u>

Back to the FT. How can 'we' build this 'more responsible' capitalism ?

> One [way] is to align asset managers' and owners' goals more closely with those of the purpose-led companies in which they invest. Danone's chief executive told the FT individual fund managers' short-term horizons were often at odds with the long-termism their bosses have begun to advocate.
>
> A second, linked imperative is to accelerate improvements in non-financial measures that assess the impact companies have on society and the environment. Consensus on

> such measures would provide solid new benchmarks for progress and allow regulators, investors and staff to hold executives to account — and reward them accordingly.
>
> Finally, there is a need for structural and regulatory solutions..

It's not entirely clear to this correspondent what a 'purpose-led' company might possibly be. Partly because it sounds like a load of yogababble corporate bullshit. (For the uninitiated, 'yogababble' is a coinage of Professor Scott Gallaway, whose digital economy blog No Mercy / No Malice is a must-read. The definition of 'yogababble' on Urban Dictionary:

> Spiritual-sounding language used by companies to sell product or make their brand more compelling on an emotional level. Coined specifically about WeWork's IPO prospectus in 2019, which was full of phrases like "elevate the world's consciousness" and at the same time showed problematic financials. Yogababble is intended to disguise or compensate for practical or financial weaknesses in a business or product.)

We are all for aligning the interests of shareholders with those of the companies in which they choose to invest. (This cannot be done in the realm of benchmarking, index-tracking and passive investing, all of which are to a greater or a lesser extent utterly undiscriminating in their exposure to dodgy, yogababble companies. It can, however, be done by only choosing to invest alongside principled, shareholder-friendly executives who are consummate allocators of capital, with a focus on delivering superior shareholder returns over the longer term. For more on this topic we recommend William Thorndike's exceptional book, *Outsiders: Eight Unconventional CEOs and Their Radically Rational Blueprint for Success*.)

Our jury is out on the topic of climate change, but if anthropogenic climate change is a real thing, as opposed to a stealthy, opportunistic tax grab on the part of a political class we now know to be irredeemably corrupt, it seems strange that the activity of humans on planet Earth would be more environmentally significant than, say, the activity of the hydrogen fusion engine we call the sun which accounts for 99.86% of the mass of our entire solar system and which is its single biggest energy source.

And of course, the FT finishes its course on improving capitalism with a plea for yet more regulation. From the people who brought you 2008..

In answering the FT's question about improving on the current (crony) capitalist model, we propose the following four solutions:

* Shrink the state

* Abolish central banking and reintroduce sound money

* Let bad companies fail

* Leave good companies alone.

That isn't enough to pad out a 500 word exercise in faddish social justice warriorship, but it's probably sufficient.

The FT's 'How to build a more responsible capitalism' essay contains three mentions of regulation. There are two usages of the word 'must'. Number of references to markets: zero. Enough said, perhaps.

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