

IN CAPITALISM ONE IS ULTIMATELY RESPONSIBLE

Once again the knives are out for bankers. This is understandable when a major bank like Credit Suisse disappears from the scene at the drop of a hat. The resulting destruction of capital is massive: more than 50 billion Swiss francs. In the preceding years, the bank suffered from consumption. Since the turn of the millennium, in many different ways, countless billions in capital have been «burnt» in spurts. During this time, the responsible managers pocketed salaries and bonuses in the multi-digit millions. Per person. That is shocking, even absurd.

The ultimate failure, by no means only in the Credit Suisse case, lies with the general assembly. The tools would have been available, but the uprising of those ultimately responsible never occurred. Where are the genuinely critical shareholders who revolt?

In my opinion, however, a manhunt is of little use. Just as “success has many fathers” and, accordingly, the bonus culture focused on specific individuals is misplaced, it is equally wrong to causally link such a clearly recognisable, long-lasting failure to a few individuals. Certainly, they enjoyed their role at the top of the hierarchy. But blame? Solely? Not by a long chalk.

The problem of the big bank in question was rather the choice of its strategy and the inability

to deviate from it, or at least to correct it. According to Swiss law, there is a clearly defined group responsible for strategic decisions of a company: the board of directors. Over the years, it has failed to read and understand the signs of the times, the profit and loss account and other indicators and to draw the necessary consequences. The C-suite members and their strategy should have been changed.

But what if the board of directors acts too late or not at all because they are too lazy, too corrupt or too ignorant? Then there would still be the electoral body, namely the general meeting, and there would be the stock market to procure voting rights there – at ever lower prices. The ultimate failure, by no means only in the Credit Suisse case, lies there and nowhere else. The tools would have been available, but the uprising of those ultimately responsible never occurred. What use are legions of financial analysts if they only stare at bonus-relevant key figures instead of looking at which board of directors is finally ready to be dismissed? Where are the genuinely critical shareholders who are rallying to revolt? Where are the hedge funds that could make money – risky but well-deserved – with such machinations?

Capitalism can only survive if people assume responsibility once again. Otherwise, it will cede the field to the technocrats and regulators and will survive nominally due to dysfunctionality, but will soon be dead in terms of content.

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