



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

*“Laws for all faults,
But faults so countenanc’d that the strong statutes
Stand like the forfeits in a barber’s shop,
As much in mock as mark.”*

Measure for Measure

Perhaps we are not such free spirits after all and British people really like being told what to do. After all, old-timers speak almost nostalgically about life during WW2 when we were told how to pull together, and did; we invented team games and rules to go with them; and we’re said to be the only people in Europe prepared to wait in a queue. Maybe there is something in our genes that has prepared us to accept rules, direction by statute, a prescribed order. Could that be why we seem scarcely to notice the arrival of a petty tyranny of dos and don’ts amounting to wholesale assault by the forces of micro-management upon every corner of daily life?

Whatever the reason, our lives and choices are becoming ever less our own. A gigantic Trojan horse of micro-regulation by central authority is being wheeled into our citadel under the guise of benign intention, and whether its deadly consequences are being overlooked or simply indulged alters none of the threat to wider society and to business.

So far, the impact of this malign intrusion has been felt mainly in the public services and in the lives of individuals who use them. The effect on private sector companies and hence on investors has been limited so far. But for them too, danger signs can be read in the growing use of “micro-taxes” – airline ticket surcharges, insurance duty, and the like. These are the counterpart of micro-regulation; fiscal principle has been submerged by expedient.

Of course decent men and women want public services such as the NHS to be better managed; want workers’ job security to be properly protected; want safer roads; want financial customers to be protected. But hands up those who also want 5,500 management job categories in the NHS; £2.2 billion to be spent in 2005 on procuring government consultants; 200 page job employment contracts for junior staff; a blizzard of road signs that distract rather than protect motorists; a rulebook for financial practitioners that runs to 23 loose-leaf volumes and 10,000 pages; corporate governance “codes” that do more to frighten off able non-executive directors than to expose failing ones; teachers, doctors, policemen whose sense of vocation is being suffocated by the weight of forms to be filled. Well meant all of it, but hopes ever dashed by unintended consequences.

Rights need to be protected, healthy aspirations fed and filled, but what about when “rights” conflict with each other, when aspirations collide? What happens when target-hitting and financial efficiency compromise patient needs and clinical priorities? Who adjudicates between a business that needs management flexibility to survive and the letter of an encyclopaedic employment contract? How can financial customers’ rights to protection be reconciled with the commercial motives of a giant financial institution in business to sell products?

These are impossible circles to square by reference to a single principle. Yet political (and nowadays media) pressure for “something to be done” makes the appeal of micro-management virtually irresistible. Hence the flood of legislation: 33 Acts and over 1,000 statutory instruments last year alone. Instead of being a last resort, regulation has become the standard escape route for political leaders when their mailbags begin to overflow and the latest hot

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