



McInroy & Wood

PERSONAL INVESTMENT MANAGERS

"Whereas before our forefathers had no other books but the score and tally, thou has caused printing to be used; and contrary to the king, his crown and dignity, thou has built a paper-mill."

- (Hen. VI Pt. 2)

Not much gets under the skin of an East Lothian arable farmer, blessed as he is with deep rich top-soil, a sunny climate, and a humour to match. But now the Integrated Administration and Control System has arrived. This is the paper mountain which forms the basis for the ramshackle system of European annual farm payments and subsidies, and it consists of a lank base form of 19 pages, and annual schedule of about 12, 2 blank "field data sheet" and, helpfully, an explanatory booklet 51 pages long. Completing this lot is a nightmare. Yet, if farmers have a cross to bear, it is no different with teachers and doctors. Ask one to name life's chief irritant and odds on it will be the dreary cycle of form filling which now occupies much of this or her working life.

Not all bureaucratic systems are parasitic or wasteful. Any civilised society will require to organise itself systematically, and that means imposing rules, collecting records and appointing officials. Form filling is nothing new and ancient empires, like modern ones, had to live with it. St. Luke's account of the Nativity refers to the Roman census of Judaea supervised by Publius Quirinius, and so records one of the few celebrated events in the history of Western number collecting.

Bureaucracy describes a state when the system itself takes over, when the servant of the people turns into their oppressor, like the tyrannical Sir Humphrey in the BBC's matchless series, and his hapless victim Jim Hacker.

Bureaucratic tyranny can have a variety of causes. Elected governments are not prepared to wait for long for results and thick layers of bureaucracy owe their origin to some politically inspired quick fix. Many of the U.K.'s 1,227 quangos fall into this category. Sometimes governments can lose sight of a worthy purpose and get themselves side-tracked into a labyrinth of pettifogging complexities. The European Common Agricultural Policy is an egregious example, and the 1986 Financial Services Act is another. Most of the damage from this kind of muddle and meddle is felt in terms of economic performance. So far as the U.K. is concerned, it has contributed to a decline in living standards which, if uncomfortable, has not yet proved catastrophic. However, the latest mushrooming of bureaucracy in this country is of a very different kind.

It has sprung, paradoxically, from the laudable objective of obtaining better value for the tax-payer's pound. Central government has seen fit to pursue that objective by exchanging its role as provider of essential services for one of procuring, monitoring, and regulating the supply of those services by others. The new suppliers - the privatised utilities, the health care trusts, the railway companies, the private prisons - have rid themselves of some of the old bureaucratic encumbrance which impeded their efficiency, but in the process have acquired a whole raft of new ones, defining the contractual relationship between them and central government. Thousands of new contracts, service agreements, trust deeds, franchises, have been created, and an army of intermediaries and managers has been enlisted to supervise them.

The new system has its own language. Where government used to "provide", new competing and independent units "deliver" services. The first connotes a degree of care and continuing concern, the second, separation and disengagement. So much for superficial damage.

But the creep of bureaucracy, snaking its way along every path of life in Britain today, tells of a yet more insidious change.

In the fields of education, health, civil service, the law, even our own little corner of finance, success and effectiveness depend, at heart, not on regulations, but on relationships. That is to say on goodwill and, as a rule, on a bond of trust and common interest shared between doctor and patient, solicitor and client, teacher and parent, civil servant and parliament. The basis on which those relationships rest evolved over time into what used to be commonly recognised as a professional culture. In supplanting that culture with another based on contractual relationships, with all the sterile tidiness of a silicon chip production line, we have lost something priceless. Professional men and women, whose training entitles them to be presumed competent, whose dedication is implicit in their calling, find themselves locked like automatons into a no-more, no-less delivery system, all to support a statistical shibboleth.

On the other side of the counter customers, clients, consumers, who once relied on the exercise of common sense and the sanction of professional discipline in their purchase of goods and services, are encouraged to look now to regulators and the fine print of contracts for protection. All too many loom in vain.

This is where the recent sorry history of the financial services industry points the way of things to come elsewhere. Financial institutions are beginning to buckle under the growing weight of regulation piled upon them, a burden which they have loaded onto their own backs by abandoning their professional roots and substituting the legal formalisms of a marketing culture for a sense of personal accountability. Meanwhile their customers find themselves saddled with products they don't need, and pensions that don't provide.

No one likes filling forms, and if laziness or human frailty was all that lay beneath the disillusionment of millions of professional men and women in Britain today, that would be a matter of regret but hardly despair. There is more than that, and the crisis in morale in the professions of this country stems, surely, from a failure to recognise and uphold the integrity of the relationships on which they rely. They were once the envy of the world.

If a stakeholder society means restoring our professional tradition to a central place in the showcase of British society, it will be worth waiting for. Then perhaps the ads. for "investment professionals" which fill the F.T. on Wednesdays will mean what they say. When they do, the paper-mill can stop rolling and most of the forms can be buried in the dustbin of history.

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