



McInroy & Wood

*“Thou art not for the fashion of these times,
Where none will sweat but for promotion,
And having that, do choke their service up
Even with the having: it is not so with thee”.*

As You Like It.

The spirit of Ireland comes alive at Lansdowne Road in Dublin at this time of year. It is the home of Irish rugby, and at international matches the stadium fills with 50,000 Irishmen, cheery with Guinness and the anticipation of a win. Not even the almost infinite capacity of their team to snatch glorious defeat from the jaws of victory extinguishes the Irish fans' sense of fun.

But last weekend the atmosphere was different. It was a wet, grey day, and daubed across the centre of the pitch was a vast blue advertisement for Lloyds/ TSB. As the rain teemed down, the blue of the ad. leached out onto the shirts of the teams. It hardly showed on the French tricolor blue, but on the vivid Irish green the colours clashed hideously. As the stains spread wider, distaste grew into a dismal certainty that the taint of commercialism had reached even Lansdowne Road. The match was being played as much for money as for fun.

Where before players were content to play the game for its own sake, they know now that they can earn a rich living from it too, hence the hoardings and the hype which professional sport brings with it. Whatever the benefit to players, one need look no further than the shenanigans of the International Olympic Committee to be warned of danger ahead when the glint of gold turns amateur sport into big business.

A parallel culture change seems to have infected business life generally, not least the financial sector. Banks and insurance companies have shifted their emphasis from safeguarding depositors and protecting policy-holders to creating new business empires. Fund managers, once content to apply themselves to the care of existing clients, have redirected their efforts to a search for new ones. The result has been a pensions selling scandal costing pensioners £ 20 billion, a series of fines for some of the biggest banking, accountancy, and securities firms in the UK, and public confidence strained to breaking point.

In a wider context, millions of men and women in the British Isles working in the professions used to be content, like rugby players, to play their game for its own sake. Nurses, civil servants, lawyers, accountants, men of affairs, happy enough in their respective callings, occupied positions of trust and responsibility. If they chose to forego some, at least, of the material rewards sought by colleagues in business and industry, it was presumably because they enjoyed lifetime job security and public recognition of their status as professional people.

But attitudes have changed. Dostoevsky summed it up in his novel, 'The Idiot', set in 19th century Russia. "Have you noticed, Prince, how everyone's on the make these days! Everything seemed so soundly based, but what's it like now?" Since human nature doesn't change, external factors must have altered the way all these people look at the world.

Booming spending on leisure and entertainment matched by a stellar growth of new media and communication channels accounts for most of the changes in sports culture.

In the financial world, globalisation of the capital markets and the spread of American business practice explains some of the recent developments. But above all they reflect the shift in value from capital to earning power, which was the product of inflation. As the real value of capital and savings shrank, those who could sought to protect their living standard by maximising earnings. That was the process which turned professions into businesses.

No such escape through commercialising their skills existed for workers in public sector and vocational professions. As inflation took its toll on salaries they found themselves subject to arbitrary test and measurement standards which raised the nation's awareness of cost, but destroyed its respect for value. Morale in the hospitals, in the classrooms, in Whitehall, plunged.

But the world has changed, the cycle of inflation has turned. Now prices are stable or falling, and just as the impact of inflation fell unevenly, so too will that of its counter-trend. Some of the gains have arrived already. The real value of wages and savings is relatively assured and there has been a once-in-a-lifetime revaluation of financial assets such as stocks and shares. Millions of private savers are better off as a result.

In an ideal world, one might hope that the record rise in world securities markets would lower the pressure on financial practitioners to capture new business. In the UK, public disillusionment with the half-truths and outright deceptions of a market-driven culture, together with the regulator's rule book, are already pushing the financial houses back from ground they once claimed, for example in the field of investment performance where experience has turned proud boast into empty bluster.

Sadly however, there is no evidence that the big battalions have the desire, or perhaps even the ability, to turn back the clock, re-affirm their professional origins, and redefine their priorities.

Meanwhile, at the coal-face of industry, there are tough patches to work through as the reality of life without price increases squeezes margins. The current world-wide take-over frenzy points to the difficulty of raising profits without revenue growth, and the emphasis has shifted to cutting costs. Hopefully, once the initial shocks have been absorbed, those still employed in business will recover a sense of security and a commitment to their jobs.

Life in a deflationary world will doubtless bring all sorts of other attitude changes – saving not spending, renting houses not buying, fixed pay for a secure job – but none will be of greater benefit to this country than that those who formerly regarded their work as an end in itself should be free again to exercise their vocation without the fear that, in relegating their own interest to that of a cause or a client, malign forces will overtake them.

None of us works in an utopian vacuum, but survey after survey has confirmed that the intangible factors at work are the ones which count for most. If stable price conditions enable workers in Whitehall, in hospitals, in schools to recover their sense of fulfilment, and morale rises as they do so, that will be a gain far beyond the reach of any spending budgets or productivity awards. Then top civil servants will stop migrating to the City, nurses and consultants will remain in their jobs, and pensioners will no longer fear the salesman's knock. A dream maybe, but disinflation can give it substance.

Stable prices and a climate which permits long-term financial planning may not see the end of Lloyds/TSB hoardings at Lansdowne Road, or a reformation of the securities industry, but if it allows professional men and women to recover a sense of pride in their work, that will be a golden dividend. Roll on the day when the game is played again for its own sake.

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