

Tesco is putting on the face of rent seeking capitalism

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The FT is [full of comment](#) this morning that Tesco now has a board with little or no experience of food retailing.

I am not sure what the surprise is about. It's long been obvious that what happens at board level in most companies has little or nothing to do with what actually happens within the entity itself.

The business may (let's be generous) be about meeting customer need and providing a valuable service.

The board is about extracting rents from that process by reshuffling the pack of entities that make up the whole, re-jigging the finance and minimising the tax bill.

These activities have remarkably little to do with each other. One is about business and what capitalism was (and should be) really about.

The other is about rent seeking and what the so called modern entrepreneur really thinks capitalism should now be about, which is extracting value from others.

Tesco has chosen a board of experienced rent seekers. It can hire people to run the business. The rent seekers are in a class of their own. As one of those FT comments said, the main attribute of Tesco's new chair is he is well known in the City. Quiet so. One of them. Not one of us. And that's what Tesco wanted.