Funding the Future

Does the unacceptable face of capitalism live on?

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In 1973 the the prime minister, Ted Heath, said:

"*It is the unpleasant and unacceptable face of capitalism, but one should not suggest that the whole of British industry consists of practices of this kind*"

He did so in a House of Commons statement on the Lonrho affair.

Ted was, of course, a Tory. I wonder if we will have any of his successors saying similar things of the asset stripping at cost to the creditors, pensioners and others at BHS?

Of course there is more to learn about the failure of this company. But prima facie it would appear Sir Philip Green sought to offload his responsibilities to a new management headed by a person who had twice been bankrupted and who has now taken the group to failure whilst appearing to extract considerable reward for related parties.

There are, at the very least considerable questions to ask in that case. The most pressing are threefold. The first is whether the duties of directors of a company are properly defined. I do not think so, the obligation to employees, for example, being far too vague.

Second, there must be doubt as to whether we require suffice enough capital in companies to protect creditors. When limited companies were introduced the protection of creditors was of paramount importance. We seem to have forgotten that. The buffer of sufficient capital is one way in which they are protected.

And third, a review on the liability of directors is well overdue.

And if the givernment does not note these questions then opposition parties should.