

The CBI should stop defending the greed of senior mana...

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When the FT, CBI and Spectator all think Labour had a good conference in Liverpool then either they did, or fake news has become universal. I am inclined to the first view. Corbyn was confident. McDonnell mastered the brief. Starmer played the audience. Policy announcements had a purpose, even if they need polishing. It feels like Labour does have a momentum (pun intended). And whilst there is much about which I would wish for refinement, that is good news.

There is bad news too. I remain unconvinced by Labour on Brexit. The position it holds is too obviously about papering over its cracks. Its merit is only that it is doing so better than the Tories.

And Labour's position on Scotland remains so antagonistic that its chances of power are greatly diminished. That really does not make sense.

But there is an area I want to note. Carolyn Fairbairn, CBI Director-General, said yesterday:

Much of Labour's vision for a more sustainable and fair country is absolutely right. Business not only supports it but holds many of the keys to making it a reality.

From onshore power to affordable childcare, the Labour leader's speech echoes calls from firms for more action on climate change and to unlock productivity.

But then she added:

But this will only happen if Labour invites business into the tent.

So here's the question: whose tent is it?

First, let's be clear that the CBI is an employer's organisation. In other words, it's a management driven body. It does not represent the owners of capital.

Second, let's also note that the owners of capital have good reason to be concerned

about the actions of managers in many companies, where it can be quite fairly asked if they really act in owners' best interests.

Third, this conflict has been resolved (supposedly) by adding more managers to boards and by giving management large stakes in their companies, without any obvious gain from their magnitude resulting.

So what are the CBI objecting to? In essence they don't like long share incentive schemes for managers that seriously dilute the earnings of the owners of capital being replicated in the case of those below the very upper echelons of management.

The CBI has to be careful here. It's argument, which has little evidential support, is that company managers work better, harder and in the greater interest of owners if their interests and those of the shareholders are aligned. But now they want to suggest that this would not hold true for the rest of the workforce. How can that be? I'd suggest it is not possible. Either the theory works (and the CBI subscribes to the view that it does) or it does not. And if it does worker and shareholder interest alignment will also work.

So, in fact, what the CBI is arguing is that employees must not share in the gains that have so far accrued to a tiny part of management. As arguments go that is extraordinarily weak. It does in fact look like nothing better than dissembling to disguise greed. They'd be wise to drop the 'Labour anti-business' line when senior managers have spent the last thirty five years blatantly scrambling to grab a slug of the action for themselves. They should instead realise that Labour is actually endorsing their view that goal alignment is appropriate, but that it will work best when shared widely. It's the 'shared widely' bit that the CBI resents. It's not endearing. No wonder Labour is on a roll.