



MACROSCOPE
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Investors own their mistakes, passing the buck is no option

Politicians have mastered the art of re-assigning blame but money managers always carry the can

Everyone can pass the buck – except for investors. “The buck stops here” was a sign on President Harry Truman’s desk indicating that whatever blame was being handed around all ended up in the Oval Office.

Truman’s sign showed true leaders know that eventually they are going to have to take the rap for mistakes made on their watch.

I fully understand the desire to pass the buck from my own days as a UK politician because there is always someone else after your job. If you make a mistake, you show weakness, and that reduces your ability to keep that job. Worse still, your enemies are likely to amplify any admissions and pin a label on you such as “lacks judgement” or “a weak pair of hands”. Even if you are squeaky clean, your enemies will try to make up the dirt, so it doesn’t hurt to get your retaliation in first.

Weak leaders are unwilling to take any blame on to their shoulders. Better leaders know what to keep and what to pass on to someone else. Long-lasting leaders are able to ride-out even quite serious blame burdens. Angela Merkel of Germany is very good at saying “sorry”, which often kills the headlines. It remains to be seen whether falling on her sword by admitting that it may have been a mistake to allow a million illegal migrants into Europe, as well as a handful of suicidal extremists, is a mea culpa too far.

Brazening out obvious mistakes is another strategy. Who could forget Bill Clinton testifying about the Monica Lewinski case in front of the Grand Jury in 1998 supported only by a can of Diet Coke? And 100 years ago, David Lloyd George, Prime Minister of the UK, did the same to the

House of Commons, despite his nickname being “the Goat”. It was said by General Kitchener that he avoided “sharing military secrets with the Cabinet, as they would tell their wives; apart from Lloyd George who would tell someone else’s wife”.

Donald Trump is already taking the title of Buckpasser-in-Chief through his twitterstorms. His needless twisting and turning over whether he believed the Russians hacked the Democratic Party emails are of course intended to avoid the accusation that they impacted the election, even though he used them to heavily attack Hillary Clinton.



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That alone makes one believe that the Russians are behind it.

Putting the advice of his presidential team of outsiders and rich kids over the professional intelligence agencies is one thing. But his signature move to pivot and pass the buck by saying that the Democrats themselves were responsible for the hack was buck passing at its best. Partly because there was a kernel of truth to it.

The other buck-passing example this week was by Chen Jining, the minister of environmental protection, who said that the heavy pollution affecting Beijing was a global

problem. Tell that to the unfortunate people who live inside the fourth ring road where PM_{2.5} particles rose to over 500 mg/m³. Pollution is said to be killing a million Chinese people and knocking two years off life expectancy. The World Health Organisation safe level is 50 and it recommends an annual average of 10mg (even Hong Kong regularly averages over 100).

Once again the buck passing held a grain of truth as China’s exporters are producing for export – but that is only responsible for a fraction of China’s pollution output.

To his credit Minister Chen did also say that he “felt guilty and wanted to reprimand himself”. But then he can accept some blame as he has relatively few enemies as environmental minister. However, he cannot afford to wait too long. London had one bad smog in 1952 and began draconian clean up legislation almost immediately. The city centres of London, Frankfurt or New York reflect badly on Beijing.

The one thing investors can’t do is to pass the buck to try to share the blame. Any mistakes you make are yours, and yours alone. I well remember as a young investment manager getting annoyed with my stockbrokers if they sold me ideas that subsequently went wrong. I soon realised that I alone was responsible for the investment decision. It was the broker’s job just to tell the story.

So next time you think about passing the buck – stop a moment and calculate if your shoulders are big enough to carry the burden. Sadly, we can be sure that Trump’s presidential desk will not be carry the sign, “the buck stops here”.

Richard Harris is a veteran investment manager, banker, writer and broadcaster and former UK parliamentary candidate