

Nicolas G. Hayek, founder of Swatch, condemns the dominance of the “acrobats and jugglers in the financial circus”.

by Valérie Lion, published 07/07/2009 15:01 - updated 08/07/2009 15:28

www.lexpress.fr/actualite/economie/rien-n-est-impossible-sauf-d-eviter-la-mort-et-les-impots_773357.html

Original language: French. Translation by the Translation Bureau, Government of Canada

Extract

Warning – maverick boss on the loose! At 81, the founder and chairman of the board of Swatch Group, the world’s biggest watchmaker, views retirement as something Napoleon did from Russia. He’s more critical than ever of the financial system’s extremes, and he’s pursuing his dream of a clean car.

L'Express – When you presented the Swatch Group’s annual report this year, you criticized “[TRANSLATION] the finance-dominated economy of stock markets, banks, funds, and all its pack of two-faced experts, its speculators, its greedy players, the acrobats and jugglers in today’s financial circus.” It’s uncommon for a CEO to be so severe...

Hayek – It isn’t just the current crisis that makes me attack what I call the “Wall Street mindset”, which is constantly destroying all the wealth that we entrepreneurs build up. I’ve been attacking it for 15 years. I’ve always denounced the moneychangers in the Temple. For example, there was a man who called me five years ago and said, “I represent a very big fund and we want to put 300 million into your business, on condition that you guarantee us that our investment will double in one year.” I said, “I can guarantee you just one thing, and that is that we’re not going to double the value of our shares in one year.” I’m not there to promote inflated share value but to improve our product and plant, to create jobs, to sell as many watches as possible. In my view, the stock market is not an appropriate test of the measure of an enterprise’s success. Another example: the broker who found me on the list of the world’s richest people and tried to sell me some junk investments. He said he wanted me to become “even richer”. But that doesn’t interest me! Final example: the guy who proposed that I buy into a company that was very expensive and active mainly in textiles, while I’m a watchmaker. “That doesn’t matter,” he told me, “we’ll start some rumours in the market that will make the share value fall, and as for the textiles, we’ll look after that part.” All this illustrates the really deplorable mindset of some market professionals. And the worst thing is, thinking that a publically-traded company should be managed with this mindset. That’s one of the reasons why General Motors, which before any of the other automobile manufacturers – before Volkswagen or Mercedes – came to me to discuss the launching of the Swatchmobile, never dared take the final step, because they were afraid of the way the stock market would react. Having industry controlled by the moneymen is helping to destroy it.

L'Express – What lessons do you draw from the earthquake that has shaken up the world economy?

Hayek – When this huge crisis broke, I was taken aback, like everybody else. But the next day, I said to myself, “Well, at least now people’s mindsets will change.” Except that today everybody is shouting, “Wow, the crisis is ending!” In the United States, a number of banks announced third-quarter profits; in Great Britain, this and that company have merged to create the biggest investment bank. Everybody applauds. But watch out – this is just what was being criticized last year, this rush to out-of-control profits that lead to catastrophe, these bloated banks that can’t be allowed to go bankrupt because they would drag all the rest of us down with them. Governments decide to regulate the system better, and whom do they call on? Not you or me: they choose financiers, because they’re the experts, they’re the ones with experience. And what do they do? They perpetuate the old mindset. Human beings aren’t going to learn. Greed, egotism, total lack of conscience, the urge to speculate, that’s all going to come back.

L'Express – So what should be done?

Hayek – An “Entrepreneurs’ International” – there’s an example of what should be done! A former president of Nestlé’s said to me, “Call it something else and I’ll support it.” We have to defend the interests of entrepreneurs, the people who develop products and jobs. I don’t want to do anything but create and innovate. I’m not poor, certainly, and I could live like a nabob. But I drive my car to the office every morning – 97 km there, 97 km back – no private plane, I live like a normal person, and I’m trying to set an example to our Group’s partners.

L'Express – But you’re proud of being a billionaire?

Hayek - No. I’m glad to be independent. I have no debts, I have the freedom to say what I think. And I can develop my projects. For an entrepreneur, money is a working tool. The goal is to create wealth for everyone. Entrepreneurs aren’t necessarily CEOs. We’re all born creative. Look at the United States: there was Ford, Carnegie and the rest, and then after the Second World War the United States changed and finance began to dominate industry. They’ve lost the spirit of enterprise, because of the business schools. There’s a difference between a manager and an entrepreneur. Entrepreneurs don’t get enough credit. You have to be able to keep a vivid imagination, the kind you had when you were six years old. You have to go on believing in Santa Claus. Dare to try out your ideas, even the weirdest ones. The entrepreneurial spirit has been half killed since we started sitting in front of our computers thinking we could make money on Wall Street without doing a thing.