Stock research and the price of leadership-corporate, public, private

The Wall Street Journal reported today that the President of Vanderbilt University receives compensation of $1.4 million. The school also spends in excess of $700,000 on frequent parties, and a personal chef. There's also the issue of $6 million of improvements to the mansion where he lives, which the university paid for. At least six colleges in the country are now paying about a million a year to their Presidents. You will remember President Clinton was publicly criticized when Air Force One sat on the tarmac at Los Angeles International Airport. The President was having a $200 haircut by an LA stylist. When Air Force One is on the ground, nothing moves. Commercial airplanes can not take off or land, due to Secret Service restrictions. Well the President of Vanderbilt University with his wife were on the way to Dubai in the Middle East, and supposedly made a stop in Rome, so his wife could have her hair cut. Assuming these stories are true, WHAT'S GOING ON? Is this arrogance, this "I don't give a dam attitude". I realize there are people in the world starving to death, and we probably will never be able to get the food to them anyway, but a little HUMILITY and GRACE, never hurt anyone. We've all read in the last few years about corporate fraud, malfeasance, and just plain doing the wrong thing. In the last week or two, the CEO of Hewlett Packard is now coming under fire. It seems he knew quite a bit about the "Pretexting Scandal", that is engulfing his corporation. I hear highly paid ethics professors now say, "Hurd is okay because he's coming clean". That's like saying Judas is okay, because he never denied turning in Christ. Hurd is not okay. If he knew about the Pretexting and did nothing to stop an illegal corporate act, than he's guilty of condoning illegal acts. This is different than the President of Vanderbilt University, E. Gordon Gee, who seems to have an attitude of, "WHERE'S MINE". One can also defend Gee by saying that he is responsible for increasing the schools endowment from $2 billion, to $3 billion in a few short years, a spectacular result. The problem is his compensation is for running the school. He did not sign a performance deal based on money raised, and maybe that's what schools should be doing. One of the alumni of Vanderbilt gave the school $40 million over the last few years. This alumnus owns a major parking lot corporation in this country. He also has the parking concession at Vanderbilt and pays the school a fee for the concession. Now the question is being raised, why didn't this contract go out for competitive bid? This may be a bit much. If a guy writes checks for $40 million and then makes back a million or two on business that the school would have had to give away to someone anyway, why shouldn't it be to a major benefactor of the school? The problem is transparency, and the lack thereof. It gets us back to WHERE'S MINE? It used to be that it was an honor to serve in government. A person spent a lifetime building a career, or a company, or something, and then said, "Let me give back something." They ran for public office, and they spent a few years in government trying to make the world a better place to live in." My, how times have changed. Now government is a pathway to great WEALTH. It used to be POWER. The average Congressman makes $165,200 per year in government salary. The leadership in both houses makes about $20,000 more. In the last 5 years, both parties have accepted about $50 million worth of trips. All of it is from corporations, and other groups seeking favor about some legislation. This means a giant corporation sends a representative, or a Senator to Hawaii, or Paris for a week or two, and boom a bill is moved along, or passed that results in the taxpayers awarding a $100 million contract to a certain corporate entity. All of this for a $10,000 trip. Who pays the bill, why we do? The trip is tax deductible to the corporation, not includable in income to the elected official, and we get to pay for the contract. No wonder the Democrats are fighting so hard to take back control of Congress. It's all about whose first in line for the trips, and other bonuses. What kind of bonuses you ask? I have been in dozens of ultra expensive restaurants in my life, and seen elected officials eating at the finest tables, and they couldn't afford to pick up a bill for $300 or $500 for the night. How did they do it? They do it by having lobbyists pick up the tab, that's how. I study stocks to buy in my work, and sometimes visit corporate headquarters. I am always interested in how executives with fiduciary responsibility to the stockholders, spend the shareholder's money. Most of the time, the money is flagrantly spent in an effort to keep corporate egos stroked. I remember visiting two different oil companies. I would ask one Chairman a question, and he would pull out the most exquisite stationary, probably a buck a sheet, write a line or two, and casually throw it away to make a point. A second corporation I visited, a different Chairman when asked the same question, would pull open a draw and take out what appeared to be a stack of used envelopes from previously received mail. He had slit both sides of the envelope and opened it along the fold, thus making a stack of clean stationary from the inside of the envelopes of mail that had been sent to him. I made a fortune on that company's stock. The other company was out of business in two years. Both were NY Stock Exchange members. When I was a limited partner at Bear Stearns in the 1980's, the Chairman Ace Greenberg, made it a point to say he would never allow the company to purchase "paper clips". He was making a point. There are always thousands of paper clips in any corporation. Watch the pennies, and the dollars will take care of themselves. Perhaps not with college Presidents or members of Congress, but it still works in business. Goodbye and Good Luck

About the Author

This page provides information on the activities of the European Union, in particular in the field of Food Safety.

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