Why should a teacher earn less than a manager?

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Criticism of capitalism has increased in recent months. Protest movements, such as "Occupy Wall Street," are outraged at the excesses of bankers who, according to the protesters, bear the main responsibility for the current economic crisis – but apparently are not being held responsible. A growing number of voices from different parts of society are now showing solidarity with the anti-capitalism activities and reflecting the widespread frustration felt by citizens.

Undoubtedly, these anti-capitalist protests have their finger on the pulse of our time. But it is not enough to simply condemn capitalism for its undeniable excesses. We need a deeper analysis of why the capitalist system, in its current form, no longer fits the world around us.

When the crisis began in January 2009, I said in my opening speech in Davos: " Today, people from every corner of the globe ask how it was possible that decisions could be taken, led by greed or incompetence and with no effective oversight — decisions that had terrible consequences, not only for the global economy but also for real people, who have lost their pensions, their homes or their jobs. They feel bewildered, confused, scared and angry. " At that time it was expected that the crisis would lead to a fundamental re-evaluation of the behaviour of senior managers in business as a whole and above all in financial services. Nearly three years have now gone by and we have still not learned the lessons from past mistakes. The system that has led us into the crisis has been outdated for years. We will not overcome the crisis in the long term if we continue to deny the need to overhaul the system. There are three reasons why capitalism needs to be reformed:

1. Capitalism is out of balance. The use of virtual capital for the purposes of speculation in relation to the use of capital in the real economy has exploded beyond any reasonable proportion and is now out of control. Financial operations to balance out the risks are necessary but not transactions that speculate on the speculation itself.

2. In the original system of capitalism there was a clear distinction: between the entrepreneur, who bears the risk of the investment and is therefore rewarded with the profit; and the manager, whose professional task is to secure the long term future of the company in the interest of all stakeholders. As a result of an excessive bonus system, the manager became associated with the interests of the capital owners and this has perverted the system. This is the fundamental root problem of the current situation: excessive salaries have severely undermined the business ethos for managers.

3. Capital is no longer the decisive factor of production in today's global economy. Competitive advantage is increasingly determined by innovative ideas or immaterial services, and less on the basis of capital. Additionally, with a rise in the standard of living, the general emphasis is shifting from quantity to quality. Economic success of tomorrow will no longer decided by capital but rather by the production factor "talent". So in a sense, we are moving from capitalism to "talentism."

The protests around the world are dangerous if they are used as means of class warfare. What we do need, however, are new impulses that lead us to re-think in order to bring about the necessary corrective action to the flaws of the system.

Above all, the manager ' s job must be re-professionalized. The fact that talent has now become the key success factor is often used as justification by companies for paying exorbitant salaries and bonuses. But talent is not the crucial factor only for the manager ' s profession, but for any kind of job. Why should an outstanding teacher earn

less than a mediocre manager? Why should a surgeon of worldwide renown earn less than the CEO of a global company? Of course, ideally everyone should earn according to their responsibility and performance. But the main professional motivation should be ones vocation - and not simply the desire to make a profit. Separating managers and risk-takers will also reign in those financial transactions where profits benefit individuals but risks are collectivized, meaning the average tax-payer must shoulder the burden when things go wrong. In short, we need to move from excessive capitalism to a market economy in which social responsibility and obligations are not just empty words.

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