

Leonard Bernstein, Davos, and Banks

by Charles B. Wendel

Banks need to be careful when they consider promoting a particular special interest group or political position. As Tom Peters and Bob Waterman wrote in the 80's, "Stick to your knitting."

Lenny. Bradley Cooper's current film *Maestro* focuses on Leonard Bernstein (Lenny to friends), the first great American conductor. While it features some of his musical successes along with a fair amount of his love life, it avoided an event of 50 years ago that opened Bernstein and his high-powered friends to much criticism.

The essayist Tom Wolfe chronicled that evening in a New York Magazine article titled [*Radical Chic: The Party at Lenny's*](#). In short, Bernstein and his wife hosted a fund-raising party for the Black Panthers, one of many such parties during that time held in support of that group by rich New Yorkers. One unwritten rule of those parties was that the servants (and there had to be servants) also had to be white.

The day after the party the society writer for *The New York Times* reported on it, followed up by a scathing editorial in the same paper: "The group therapy plus fund-raising soiree at the home of Leonard Bernstein, as reported in this newspaper yesterday, represents the sort of elegant slumming that degrades patrons and patronized alike. It might be dismissed as guilt-relieving fun spiked with social consciousness, except for its impact on those blacks and whites seriously working for complete equality and social justice. It mocked the memory of Martin Luther King Jr." Tough words.

Wolfe wrote that the worldwide negative publicity resulted in the Radical Chic or Limousine Liberal set moving to other less radical and controversial causes. In a similar vein, after a honeymoon period, more companies have moved away from an alliance with BLM, as some scandals have come to light.

Davos. For years Davos has been the place for the global "elite" to see and be seen. McKinsey & Co. even sent out an email proudly titled, "Meet the partners attending Davos 2024." (By the way clients are paying for this trip as part of their fees.)

Some view Davos as trying to set an action agenda for a new world order, whether related to climate, central bank digital currency, or capitalism. But, increasingly, this meeting of the "elite" has undergone more scrutiny and push back. For example, media has noted that more than 1,500 private jets flew attendees to a meeting in which they could discuss the need to end fossil fuels.

At least two of the Davos speakers directly confronted the prestigious assembly. One speaker said that the attendees themselves were the problem. Another, the new President of Argentina, Javier Milei, pushed back against the move to globalism, and defended capitalism: "By using different names or guises, a good deal of the generally accepted ideologies in most Western countries are collectivist variants, whether they proclaim to be openly communist, fascist, socialist, social democrats, national socialists, Christian democrats, neo-Keynesians, progressives, populists, nationalists or globalists...Let no one tell you that your ambition is

immoral. If you make money, it's because you offer a better product at a better price, thereby contributing to general wellbeing.”

It's also worth noting the head-turning comments Jaime Dimon made at Davos about Donald Trump and his supporters. "Take a step back, be honest. He was kind of right about NATO, kind of right on immigration. He grew the economy quite well. Trade tax reform worked. He was right about some of China.” Unexpected words to hear in that setting.

But the Davos era might be coming to an end. Post-Davos articles note that many world leaders missed this year's session while others questioned whether Davos would survive 85-year-old Klaus Schwab's reign as its head. Let's see how many McKinsey people go to next year to hunt for business development, err, I meant knowledge building.

Banks. Banks have also made politically charged moves that can offend clients and be viewed by some as causing them to underperform. For example, in 2022 Citibank announced that it would pay for its employees living in states where abortions restricted (female only?) to travel where abortions are allowed, risking the wrath of some customers and politicians.

While you may view it as a stretch, some might say that if management had put more focus on asset quality rather than provocative social issues, the last quarter's losses would have been reduced. In a different case Bank of America has received some tough publicity for, in a Congress committee's words, "voluntarily and without any legal process" providing the government with a list of individuals who made transactions in the Washington, D.C., metropolitan area using a Bank of America credit or debit card between Jan. 5 and Jan. 7, 2021.” Providing valid information is not the problem; lack of process is.

Why put your bank in a situation that can lead to customer distrust?

The OCC just announced January's enforcement actions. (Thank you to Bob Browne for the notice.) In several cases lack of strategic planning is listed among the reasons for the action. Does your bank or CU have an updated strategic plan in place and ready for a rigorous review by regulators? Maybe that should be a first priority versus potential distractions.

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