Dilemma for Private Investors

For domestic private investors, the dilemma of choice is increased as a consequence and a combination of

- minimal interest rates and
- the grossly reduced offer in stock-listed companies.

Historically, for many private investors, a well-developed shareholders' democracy and the alternative to buy & sell shares at fair market conditions within a reasonable time span, were the basics to invest in local companies. Unfortunately, stock markets have developed – on an international scale – into institutions of re-allocation favouring smart financials acrobats at the expense of private investors with limited financial know-how.

Practically, MIFID II has put private investors de facto under tutelage, and at the same time charged SMEs with an intolerably high cost burden, with no equivalent and measurable benefit.

As long as government is completely overextended with managing Corona virus, no significant changes may be expected. One positive impact would be a time limitation on taxing capital gains. It is obvious that ecological issues, employment, securing the welfare state as well as preserving democracy need to be tackled on the basis of a broad consensus within civil society. Human being may not be reduced to a role of consumer and temporary assistant in production – until he/she is sorted out via artificial intelligence and rationalisation.

*Many thanks to **Dr Wilhelm Rasinger***

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Unfortunately, Dr Rasinger's observations are not only valid in respect to capital market instruments. In addition to investors in listed companies, also private investors in non-listed companies are drowning in the quicksand of bureaucracy. And with them the companies, too – which would urgently need their capital, and often also their know-how.

Smart financial acrobats master formal corporate law to maximise their profit unilaterally. Even more to the disadvantage of "less sophisticated investor" because they are not so much exposed to the spotlights of a qualified public - which curbs greed, and opportunity, to some extent.

In cross-border investments, the situation is even more dramatic for investors:

- freedom of movement of capital is de facto suspended for "ordinary" investors;
- Manifold regulations and reporting duties plus their corresponding sanctions and penalty rules make it economically unviable for private investors to invest in foreign companies, sometimes even impossible.

At the same time, the number of jobs is growing constantly in the non-productive sector. The army of so-called "system preservation clerks" is growing and growing – and competing in ideas and ingenuity to make life more difficult for those contributing positively to the value-added chain.

Manfred Moschner / Vienna, November 2020