

[This is the point dangnammit!](#) [1]

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Lloyds TSB has just announced [its results](#) [3]:

The group, Britain's fifth-biggest bank, has taken a £280m hit on risky sub-prime loans, but that is only a fraction of the figure suffered by rivals such as Barclays, which earlier this week revealed a £1.6bn write-down.

Chairman Sir Victor Blank said the bank had benefited from its cautious approach.

Leave aside the Chairmanspeak guff that follows about high-quality sustainable results and long-lasting relationships. Knights, let alone chairmen of major banks, are not supposed to do the happy dance, sneer at their competitors and scream "Who's your Daddy!" however much they would like to. For the simple truth is that Sir Victor and his team have done exactly what the shareholders are paying them for, investing their capital so that it fructifies in a satisfactory manner while the team at Barclays were perhaps less successful and at Northern Rock, well, not successful at all.

But that's how the system works: we've not found any method better than people doing as they wish with their own money: hiring those stewards for it that they trust. Those who turn out to be worthy of that trust prosper as do the businesses they run and those who invest in them, waxing fat off the judgement of their servants and hirelings.

Those who are careless or foolish in where they invest stand to lose their money: exactly the tonic needed for people to be careful about where they do so. Harsh it may sound, but there's nothing unfair about capitalism in this manner.

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