From The Times

Comments placed on the timesonline web site

By

Chris Coles

During the period January 17 to February 23, 2010

Having tried for some time, without success, to raise funding to be able to launch my new book about gravity: The Universe is a Cloud of Surplus Proton Energy, I came to understand that my new theories about the origins of what we call gravity are so contraversial that no one would support me as a thinker and I came to realise that I needed to show everyone, in another context entirely, that my power to think had some merit.

To that end, during early summer 2009, I brought together all my previous work on the subject of how we capitalise the creation of new jobs into The Road Ahead from a Grass Roots Perspective and placed a PDF copy on my web site www.chriscoles.com/page3.html

The book is written around the question, The Times itself asked, earlier that year, about the lack of available capital for small and medium businesses here in the UK. It examines a very simple fact; that there is no functioning mechanism, no agreed set of rules, no administrative structure, set out in law, to provide a successful, working, widely agreed mechanism, recognised by everyone, to reinvest equity capital, on free enterprise terms, back into every social layer, of any nation; from any form of savings or pension fund.

No such free enterprise, free market function exists. Yes, I agree that everyone believes in the existence of the function and mechanism. But in fact, it is an imaginary function that does not exist anywhere at all. I sent a copy of this new book to The Times early September 2009 and from then on I set out to place related comments on their web site www.timesonline.co.uk This is the record of those comments.

I believe they show, as well as any exercise imaginable; my power to think and argue my case. Who I am and what I stand for as an individual.

There are two central issues.

The first is the central role of savings institutions that have been replaced by banks.

Banks have no recognised responsibility to anyone other than their shareholders. Their function is the provision of short term working capital as loans. They have no remit, of any sort, to provide the equity capital, any business, (whether trading or industrial manufacturing), needs, to underpin that working capital. What went wrong is the failure to recognise that the banks have replaced the function of the savings institutions; whose purpose was to take the savings of the people and deliver the provision of the equity capital. That failure has, in turn, created a classic conflict of interest for the wider national interest. Without realising it, the savings institutional functions were replaced by government attempts at job creation; by trying to replace the equity capital with government grants. The savings institution disappeared from view; their function forgotten and consigned to history. The result has been a disaster of monumental proportions; entailing the near complete collapse of the world's banking system. Trying to provision the entire financial structure of a capital based economy designed for a free society, with mercantile loans; has instead generated a feudal mercantile economy that suits none but a tiny minority. The first thing to recognise is the need to redirect the savings back into new savings institutions who must be given a remit to provide the missing equity capital. That new source of capital must, in turn, address the needs of a fully free society, not those of a feudal mercantile economic structure that has signally failed to deliver.

The second is the failure to recognise that we do not apply true free market rules to finance.

For a true free market to operate the seller of the goods must not

1. Control the purchaser and thus exert undue influence upon that purchase; the price paid at the moment of sale.

2. Retain ownership of that which was sold.

3. Be able to in any other way influence the progress of the competitive process downstream of the original purchase.

The Road Ahead from a Grass Roots Perspective sets out in great detail exactly where we have gone wrong in our failure to apply free market rules. Chapter 4 asks the question: What is a Free Market? And Chapter 5 sets out in detail: The Rules for a True Free Market.

The following comments, (apart from a small number aimed at other issues of my personal interest), set out to develop a view from all quarters of the compass as to how we have to recognise these inherent problems and how we must set out to overcome them.

Chris Coles.

From The Sunday Times, **Leading Article**, January 17, 2010

Battle for the beleaguered middle classes

Gordon Brown used a speech to the Fabians yesterday to tell us that he is a true friend of Britain's middle classes. "I was born and brought up in Britain's middle class, always taught that hard work, effort and responsibility were what you needed to make your way in the world," he said. Mr Brown has traded on his solid Scottish Presbyterian background before so it is no surprise that he regards himself as middle class. But it is surprising that after seemingly allying himself with an election strategy that went after the core working-class Labour vote, he is suddenly eulogising his background and his love of all things middle.

Mr Brown claimed that Labour's policies on health, education, tax credits and just about everything else are aimed at creating a Britain that meets middle-class values and aspirations. "It's quite clear that our opponents do not understand the needs and worries of middle income Britain," he said. "The Tories have planned a raid on the quality of life of our middle class. They want to take away middle-class guarantees. And they have no account of future middle-class jobs." In short, that means the Tories are selfish, upper-class toffs. ……

Chris Coles wrote:

My oh! my, you have well and truly missed the point. When the Conservatives held the middle classes in their hands, they were born of parents that had made their mark through business, right back to the origins of the British being described as a nation of shopkeepers. What you now see as the natural constituency of the Conservatives, the wealthy bankers et al. were an irrelevance in those times for the very simple reason that, then, the wealthy were simply the leaders at the top of a great pyramid whose base stood solidly upon the backs of all those successful shopkeepers; businessmen, (and woman), every one of them. Look around you today. Vast swathes of the founding levels of that once prosperous society have completely disappeared. But what replaced them has matched the decline in the fortunes of the shopkeeper with a rise in the fortunes of the apparatchik beavering away in some quiet government department. Today, the middle classes are employed in the very same government departments that must be culled to reduce the borrowing that pays for it all. That is why Brown is suddenly enamoured of what he sees as the middle class. He is saying to them, vote for me to keep your nice comfortable jobs…. At least until after the next election, sic! Regardless of who wins the next election, two things are going to have to occur. The nation's borrowing must be reduced and a drive must be put into place to start the long journey back to a prosperous, industrious nation. Brown is simply trying to scare the recipients of his reckless spending into believing that Labour can continue as though nothing has happened. In one sense, his strategy will give us all a very clear idea of the underlying thought process of the new middle class apparatchiks. Their combined decision will either leave us as a feudal socialist nation; or show they too recognise that we simply cannot continue to pretend that nothing needs to change.

January 16, 2010 10:48 PM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article6991009.ece

From The Times, January 14, 2010

Four key questions on which recovery depends

Eric Daniels: Viewpoint

As 2010 gets under way, the economy appears to be pulling out of its longest and deepest postwar recession. Unemployment seems to have stopped rising, at least for the time being. Surveys of businesses and consumers are reporting better confidence levels than in the summer. Our customer data suggests quite strong high street spending during December. And the fourth-quarter gross domestic product numbers are widely expected to show a return to positive growth.

But the outlook from here remains extremely unclear. At least three scenarios are feasible.

Chris Coles wrote:

Eric Daniels needs no reminding that banks have no recognised responsibility to anyone other than their shareholders. Their function is the provision of short term working capital as loans. They have no remit, of any sort, to provide the equity capital, any business, (whether trading or industrial manufacturing), needs, to underpin that working capital.

What went wrong is the failure to recognise that the banks have replaced the function of the savings institutions; whose purpose was to take the savings of the people and deliver the provision of the equity capital. That failure has, in turn, created a classic conflict of interest for the wider national interest. Without realising it, the savings institutional functions were replaced by government attempts at job creation; by trying to replace the equity capital with government grants. The savings institution disappeared from view; their function forgotten and consigned to history.

The result has been a disaster of monumental proportions; entailing the near complete collapse of the world's banking system. Trying to provision the entire financial structure of a capital based economy designed for a free society, with mercantile loans; has instead generated a feudal mercantile economy that suits none but a tiny minority.

The first thing to recognise is the need to redirect the savings back into new savings institutions who must be given a remit to provide the missing equity capital. That new source of capital must, in turn, address the needs of a fully free society, not those of a feudal mercantile economic structure that has signally failed to deliver.

Lloyds Banking Group owns several savings institutions; but only as another source of income for the group. It is time they recognised their wider responsibilities to the nation; but have they the courage to step forward and take the lead?

January 17, 2010 11:42 AM GMT

http://business.timesonline.co.uk/tol/business/columnists/article6986851.ece

From The Times, January 19, 2010

Michael Schumacher plans on eighth world title

Edward Gorman, Motor Racing Correspondent

Having been out of racing for more than three years and attempting a comeback at the age of 41, you might expect Michael Schumacher and those around him to be a little wary of offering hostages to fortune.

Not a bit of it. As the first race of the 2010 Formula One season in Bahrain in mid-March draws closer, he has been telling the media in his native Germany that he has every hope and intention of adding an eighth world title to his career tally.

“In our long-term targets with Mercedes we have established a clear objective,” Schumacher said. “I want to become world champion again. Perhaps that will not happen in my first season back, but it is a realistic possibility over three seasons.”…

Chris Coles wrote:

Am I being foolish, or is this a misreading of the current F1 rules?

"In theory, no decision has been taken on whether Schumacher will be given No 1 status. Dr Dieter Zetsche, chairman of Mercedes’s parent company, Daimler AG, was quoted as saying this was a matter for Brawn to decide."

Surely that statement is a breach of the rules of F1?

It is my understanding that, after some outrageous events, involving team mates leading a race only to be asked to step aside, to enable the other “preferred” driver to win the race, (regardless that they were not good enough on the day), that a new rule has been set into stone that no team may give orders to a driver to so step aside.

In which case, it is also imperative that no single team driver be set out as receiving preference of any sort.

Nico Rosberg joined Brawn in good faith as a driver. His record, particularly over the last season in a less than satisfactory car, the Williams, showed us fans that he has what it takes to win in even circumstances. Given a winning car, he has the ability to win the championship.

F1 must, immediately, before the new season starts, make it absolutely clear to the teams, that no one may be classed as the number one driver; that no preference is in any way acceptable.

We pay your wages, we the fans. We are the imperative input to the sport. Without us, F1 is nothing but a carnival.

I absolutely deplore the idea that any driver is given anything but the car and the chance to drive, on equal terms against any other on the track. Rosberg must be given equal treatment.

January 19, 2010 11:06 GMT

Chris Coles wrote:

hermann gilool wrote: “Chris Coles - of course young Rosberg will get equal treatment, the same as Barrichello at Ferrari and, like him, he will get the equal opportunity to watch Michael drive off into the distance. Secondly, the fans are simply the backdrop to F1, the sponsors stump up the millions for the salaries. It's a buisness.”

Hermann, with the greatest of respects; Michael is not going to drive off into the distance if Rosberg is given an equal chance to demonstrate his potential. Fans are not simply the backdrop to the business. Those sponsors pay out profit gained from advertising their products on F1. It is the sales of the advertising that pay for F1 and in which case, if there is no one watching, (Fans), then the advertising is worthless. So the fans are essential. No fans, no advertising income.

But I return to my point; it is absolutely not acceptable for teams to destroy the competitiveness of the racing by introducing artificial, fake, competition. We will have no idea at all how good any of the drivers are if the races are distorted by the teams giving unseen advantages to a particular driver. Simply, I am fed up to the back teeth with the lack of racing…. And I do mean RACING. F1 is motor car racing, not team football, cricket or soccer. Let the best driver win, every time, every race; with fair rules that mean something. Last year, last century, all that is in the past. This is the year that counts, now; not past glory.

Michael wants to hold his head up with his eight Championship; then let him do that entirely on merit. No tricks, shunts, devious non-competitive team strategy. Out there on his own, on an equal footing with everyone else, including Rosberg. Only then will he be able to hold his head up with certainty that he did it all on merit. Only then can he call himself a true racing driver. Yes, Racing Driver. Anyone can win if the team tell the driver in front to pull over or they give them a better car.

January 19, 2010 5:00 PM GMT

http://www.timesonline.co.uk/tol/sport/formula_1/article6992978.ece

From The Times, January 18, 2010

After £800bn loans, China tells banks to focus on the real economy

Leo Lewis, Asia Business Correspondent

China's financial regulator has warned the country's banks to tighten risk controls and to funnel credit towards the "real economy" only as the banking sector barrels into its second year of roaring loan growth.

The words of caution from the China Banking Regulatory Commission (CBRC) come amid rising concern that the banks' monumental £800 billion splurge in new lending in 2009 may have slipped beyond the intended role of economic stimulus and could be on the brink of wreaking serious damage.

The comments came only a few days after China raised banks' reserve requirement ratios by half a percentage point — a move that markets worldwide took as the beginning of China's monetary-tightening cycle and the effective end of all-out stimulus. A senior figure at China's central bank later described the move as the use of a "neutral" policy tool.

However, analysts are flagging inflation, a bad-loan time bomb, speculative investment bubbles and huge industrial overcapacity as potential side-effects of the unprecedented lending. Recent signals from Beijing have hinted that the Government may be moving towards such a view, despite its primary goal of maintaining GDP growth above 8 per cent

Late last month, Wen Jiabao, the Prime Minister, said that it would have been better if lending in 2009 had not taken place on such a big scale. ……

Chris Coles wrote:

Bank lending alone leads to an unstable economy. China has to learn, quickly, that you cannot create prosperity without equity capital to stabilise the economy and rapidly reduce risk. Capitalism is not a political system; it is common sense, investing local savings, in the form of equity capital, back into the local community, for a stable, prosperous future for everyone.

January 19, 2010 11:43 GMT

http://business.timesonline.co.uk/tol/business/economics/article6991640.ece

From The Times, January 20, 2010

There's more to British genius than Cadbury

Aircraft engines, ice cream, advertising... and there's more waiting in the wings

Ian King

It is, as many in the City have pointed out during the last five months, a curiosity.

During the last 15 years, an Indian company has bought our biggest steelmaker and one of our few remaining carmakers; a Japanese company our biggest glassmaker; the Italians a famous helicopter manufacturer; the Dutch our leading chemicals company; while a succession of French and German companies bought many of our power generators. More French and German companies took over Britain's biggest building materials suppliers, Dubai bought our biggest ports operator and Spanish companies variously bought our biggest airport operator, our biggest mobile phone operator and our second-biggest mortgage lender. ……

Chris Coles wrote:

Ian King states: "No, the issue really worth worrying about concerns the Cadburys of tomorrow: those British companies which are or can become leaders in their field on a global basis and whose brands could or do command genuine respect and affection worldwide."

Only to list another set of what are Cadburys of today……as someone else said, a shopping list of what is left to buy.

Yes, the issue really worth worrying about concerns the Cadburys of tomorrow rather than those you can list today. But that is the point, certainly not lost on myself; he cannot list a single one, can he?

The real problem is not that others are buying, for a borrowed premium, much of what has been, or continues to be, the current best of British companies. (And just as importantly, they also include all the sometimes hundreds of smaller competitors that have been scooped up into the major companies). The real problem is the lack of any support for all the thousands of independent thinkers with ideas for new companies. You see, the one single reason for the lack of support is the very simple fact that the UK Civil Service refuses to lift a finger to support anyone that will not join the merger and acquisition mania that currently grips the worlds financial markets. If they, (Civil Service, or financial institution), cannot own the company from the outset, you do not get a look in. Ergo, we have a lost generation of new start ups sitting on the sidelines unable to take that first step towards becoming a worthwhile member of the ongoing business success of the nation.

Now, that is the real issue and no one wants to talk about it, do they?

Reminds me of Loaves and Fishes; so fund new start ups on true free enterprise terms and watch in amazement as we all suddenly show our true potential. But, who cares? Certainly not the powers in charge today. They are only interested in a company they can sell on ASAP…. For a bonus.

January 20, 2010 11:04 AM GMT

Chris Coles wrote:

Jute Jones wrote: “Chris Coles, of course he can't list which companies are going to be global leaders in years to come. If he could he'd have retired years ago on the fortune he'd made investing in (eg) the Body Shop. Wayne Ward, - What exactly is the basis for your apparent belief that pounds earned by manufacturers make more of a contribution to the economy than do pounds earned by service suppliers?”

In a very real sense Jute Jones; you hit the nail right on the head with your comment about investing….. you see, if we had a really hot, up to speed, totally centred upon the success of the nation; City of London and Civil Service, then between them they would have the pulse on every single individual that had any merit and would be doing everything they can to help them succeed. But what you, (and they), centre upon is making a fortune. Anyone with common sense would tell you that there are two opposing aiming points; making a fortune and a successful nation. If all you need is to make a fortune, then yes, you are correct. But the fact is what we really need is a successful nation and that requires you wait for decades to make your fortune…. You cannot have it both ways. Either you support the long term aspirations of those trying to create the long term investments that will take those decades to succeed; or like you, you look for a fortune today or tomorrow.

As for manufacturing; A simple product such as a high tensile bolt will involve perhaps as many as thirty different processes using the input of another ten different suppliers all combining to deliver world class product design and process control by adding value at each stage and in the process employing people from every level of society. At each stage making their input to a success for not only their nation, but also their own local community and their family structure; each depending upon the success of the other to reach their combined goal. - Beats signing a piece of paper any day.

January 20, 2010 3:26 PM GMT

docherty lawson wrote:

To Ian King.In your article your first reference as an example is to " an Indian company " which is Tata who bought "our biggest steelmaker" who are/were Corus. When they borrowed £6.3 billion pounds to purchase a steel company which produced three times more steel than Tata Steel did, the writing appeared on the wall for British steelmaking and for all those who depend on this industry. After admitting at that time that 10% of the workforce would be lost, three years later 20%+ have gone and the carnage goes on. Tata never had long-term plans for british steelmaking, only a need to access previously denied markets and technical know-how were the spur for the Indian company to buy Corus. After decimating, twice over, the 25,0000 workforce under the Corus name, that name is to disappear when it will soon be Tata. Within 4-5 years Tata will have built 2 new giant works and upgraded older ones and also have constructed a massive new docks. Where? India. By that time they will have gleaned the necessary knowledge from us, asset-strip the best equipment and will abandon the UK. Oh! And let us not forget how much real estate they have procured, billions and billions of poundsworth more than what they paid for Corus. Lots of space to build more shops, just what the country needs, part-time minimum wage jobs in the service sector. Cheers.

January 20, 2010 4:05 PM GMT

http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6994392.ece

From The Times, January 21, 2010

Mortgage costs leap as Skipton Building Society lifts rate

James Charles

Tens of thousands of borrowers face a shock jump in mortgage payments after Skipton Building Society, Britain's fifth-largest building society, confirmed plans to raise its standard variable rate from 3.5 per cent to 4.95 per cent.

The move, to take effect from March 1, will raise mortgage repayments by up to 40 per cent for some borrowers, adding almost £200 a month to repayments on a £150,000 interest-only loan.

Skipton, with 100,000 borrowers, previously had guaranteed that its variable rate would not rise while Bank of England base rate stayed at 0.5 per cent, but it has cited a clause in its loans' small print allowing it to ignore the promise in "exceptional circumstances.

Chris Coles wrote:

I've been waiting for this to restart; changing the deal, downstream of the moment of sale, to suite new market conditions. Traditionally, a sale takes place at a very specific time; at the moment the auctioneer's hammer falls. Bang! Sold! Why is that point of sale so important? Why has it existed for so long? We see it in very ancient communities; sometimes varied. In older farming communities, even here in the UK, we see two farmers will spit on their hands and shake. Deal! Sold! More recently, a signature of the purchaser on a contract seals the deal. Sold! Write a cheque, sold! Punch in your four digit code for the purchase by your credit or debit card, Sold! What the moment of sale does is very profound; it creates a strict point of sale, the deal being finalised. That single, very simple mechanism, defines what we all call a free market. It is the free marketplace that underpins everything we believe in when we describe our free societies. Your possessions are yours simply because everyone knows and understands that very simple principle, that moment of sale. Nothing could be more profound as this simple mechanism; it underpins our entire free market civilisation.

Yet, somehow, without realising the dangers, we have allowed banks and other financial institutions to ignore the most fundamental principle of our free societies. They change the deal downstream of that moment of sale. They refuse to act within the most basic rule of a free society and expect to be able to change the deal, after that moment of sale, to suite their own market conditions.

It is time we put an absolute stop to this malpractice. It is time to take this matter into a Court of the Law to obtain an injunction against the abuse of free market principles; moreover, principles that underpin the most basic aspect of our free society. Will someone with the necessary funds step forward to set this action into motion?

January 21, 2010 9:28 AM GMT

Chris Coles wrote:

Changing the interest rate downstream of the sale of the loan denies all the precepts of a free market by permitting the seller to change the deal to suit their market conditions downstream of the sale. Thus the seller exerts undue influence downstream of the sale to control the market against the interests of the wider society, in particular, introducing financial instability.

I firmly believe that it is this specific action, changing the interest rate downstream of the sale of the loan; that lies at the very heart of most of our monetary problems today. The practice distorts the free market, making it impossible for any purchaser to control their costs for the long term while at the same time permitting the seller of the loan to draw additional income and profit from the users' legitimate use of the money; downstream from the moment of sale, the fall of the hammer.

This is no different to a car dealer asking for more money for the purchase of the car several years after the car was sold. This is not legitimate competition. Not a free market.

Competition, real, legitimate competition, not artificial speculation, not being able to change the deal against the interests of legitimate competition must be seen as being the fundamental foundation stone; the principle purpose of a free society. For that to occur you have to have as many as possible legitimately competing in that market; any market, all markets; including all financial markets. Today we live in an uncompetitive feudal mercantile economy dominated by banking and finance and I charge that government has an absolute duty to see that at all times; a fully competitive, free marketplace; is maintained for anything and everything that is traded in society. (Edited excerpt from The Road Ahead from a Grass Roots Perspective).

January 22, 2010 12:02 AM GMT

http://www.timesonline.co.uk/tol/money/property_and_mortgages/article6995969.ece

From The Times, January 22, 2010

Cross of Goldman

Obama's proposals to break up banks and limit their activities will contribute little to financial stability and make it more difficult for them to succeed

The most eloquent American politician of a generation declared: "You shall not crucify mankind upon a cross of gold." William Jennings Bryan, a future Democratic presidential nominee, issued his famous call to populist arms against the power of finance in 1896. That protest was echoed yesterday in President Obama's declaration of readiness for a fight with Wall Street. Mr Obama wants to impose limits on the size of US banks and the amount of risk they can take. It is a judgment rooted more in short-term politics than in economic needs. If the fight is joined, it will be a battle of attrition in which both Mr Obama and the banks will be the losers. ……

Chris Coles wrote:

The introduction of a true free market for finance, preventing banks from changing interest rates after the point of sale of a loan would bring them instantly under complete control.

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January 22, 2010 12:12 AM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article6997730.ece

From Times Online, January 22, 2010

Bank shares tumble on Obama crackdown

Emily Ford

Shares in Barclays and Royal Bank of Scotland (RBS) tumbled this morning after sharp falls on Asian markets in the wake of President Barack Obama's pledge last night to wage war on American banks in the biggest regulatory crackdown on financial institutions since the 1930s.

Barclays' shares fell a further 6 per cent to 266p this morning and are trading 14.4 per cent lower than at the start of the week. RBS, the state-owned lender, lost a further 4.45 per cent today to 33.75p. In America, Goldman Sachs and JP Morgan Chase suffered further falls and overall, the Dow Jones industrial average fell 74.44 points to 10,315.44, in early trading, after closing down 213 points yesterday. ……

Chris Coles wrote:

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January 22, 2010 3:26 PM GMT

Philip Scott wrote:

Chris, it is entirely possible to take a loan out with a fixed interest rate. One of the largest most liquid financial markets in the world is in interest rate futures for precisely that reason. People often don't use them, though, because they are expensive. The cost of money really does change over time, primarily due to government or centeral bank intervention - so if you want to insure against that you have to pay a premium. I don't know what you are talking about with respect to 'real' competition; financial services are ridiculously competitive; that is why they have to pay their employees so much.

January 22, 2010 4:46 PM GMT

Chris Coles wrote:

Philip, you say “the cost of money really does change over time” and then argue why: “you have to pay a premium”. What you fail to recognise is, everything we buy and sell varies in price. The whole idea of a free market is that the price is set at the moment we buy or sell. Money is no different than, say, potatoes. The price you pay is the price that day. No other business could ever do what a bank does, which is sell something that it has in its inventory today, seal the deal at that price, that day and then ask for more money for the same product three years afterwards.

You say that the price the bank has to pay has changed. But the money sold three years ago was already paid for, three years ago. The original deal was profitable. Yes, the bank may be paying more for the same quantity of money three years later, but that can only affect the price of a sale from their inventory today. Under free market rules, the bank has no right to say they want to change the deal three years later. With the farmer selling his potatoes, no one would put up with his asking for more money for the potatoes he sold three years ago. Can anyone imagine the farmer turning up at the potato chip factory and asking for more for the potatoes he delivered three years ago? No, absolutely not!

Take this further, imagine the stock broker coming back and asking for more for the sale of shares three years after completion. That no one would be able to predict the value of a share sale because they would never know what value the broker, (not the stock market), would place upon the share three years later. The entire financial system would collapse.

Permitting the banking system to change the price of money sold at any time after the moment of sale must be outlawed. That is not a free market. A free market is a sale made final at the moment of sale. Sold! The moment the deal is done it is set in stone and Caveat Emptor, buyer beware; has underpinned the stability of commerce for centuries.

January 22, 2010 5:49 PM GMT

Chris Rogers wrote:

Chris Coles

Very good, but you seem to be confusing lending or renting (what banks do) with selling (what potato farmers do).

An interesting read though, despite the fact that its all wrong......

January 22, 2010 11:01 PM GMT

Chris Coles wrote:

Chris Rogers Wrote: "Chris Coles Very good, but you seem to be confusing lending or renting (what banks do) with selling (what potato farmers do). An interesting read though, despite the fact that its all wrong."

The confusion has been sown by the FIRE economy to maintain what is clearly a feudal, totally non-competitive, business environment. Chapter 5 of my free book opens:

"There can be no argument that competition, particularly industrial and commercial competition; is seen as the fundamental foundation stone of a free society. My dictionary says competition is: The action of competing with another or others for profit, prize, position or the necessities of life; rivalry – The rivalry between two or more businesses striving for the same customer or market: Competition tends to keep prices down

Competition is a natural, honest, human concept; that lifts the most successful to the top of society and makes others strive and those that strive win and by winning, lead us all towards success. It is that fundamental rivalry that also keeps anyone from being in a position of too much power or influence. So it is this simple competitive mechanism that keeps us free, keeps us from falling into a feudal society where the free marketplace does not operate and where the accumulation of wealth or power has no checks or balances; where rivalry can be suppressed and competition is excluded. Feudal nations prevent the naturally successful from rising to the top and thus the best in the human society are prevented from leading their communities with their honest enterprise.

In such a feudal society, and here I also include communist, socialist as well as aristocratic and autocratic models, we always see a small group taking control of the many who, in turn, are restricted by onerous rules and other mechanisms that exclude anyone outside of that group from competing. Lack of competition tends to mediocrity. Uncompetitive nations will always fail eventually." Read on…

January 22, 2010 11:48 PM GMT

http://business.timesonline.co.uk/tol/business/economics/article6997968.ece

From The Times, January 23, 2010

If we want to win wars, first change the MoD

Sclerotic, inefficient, hamstrung by inter-service rivalry, resistant to change: the Ministry of Defence is not fit for purpose

Paddy Ashdown

We politicians stand accused by *The Times* of failing to grasp the nettle on defence, of tacitly agreeing to avoid the issue in the run-up to the general election. The issues are so complex that there is a temptation to sweep them under the carpet. But national security should be at the heart of any government's strategy, and judgments on the fitness of politicians to govern should include a judgment of how well they will protect the people. So let's start the debate now.

There is a political consensus on the need for a defence review. What I think we need is something much broader. The complexity of the threat demands it. ……

Chris Coles wrote:

The problem runs much deeper than a single department, it spreads its tentacles throughout the Civil Service for a very simple reason; we have effective mechanisms in place to increase the size of departments, but no obvious method of cleaning out dead wood to renew. Senior Civil Servants never get fired. In private industry the problem would be solved within weeks of identification. Close down and start anew with a new team under the well known mantra, no one is indispensable.

Then we have to face the adjacent problem that our political leadership is so weak. No one with true leadership credentials would be trying to curry favour with the existing, dysfunctional team inside; before taking over the reigns. Strong leadership would know what to do before stepping across the threshold and have a well thought out plan to make all the necessary changes immediately upon arrival.

Then add in that, today, our executive acts, not as though servants to the general public, but instead as though they are the leaders telling the nation what to do at every twist and turn. An excellent example is the executive telling the nation that it is not going to count the next election as before; that we will have to wait. That is a remarkable example of total arrogance.

Someone with courage and true leadership skills has to take the bull by the horns and drastically reduce and completely re-structure our executive. Nothing is more important. We citizens are not the cannon fodder of the executive to be overridden roughshod. Until that message gets through load and clear, there is nothing anyone can do to start the, perhaps half century job ahead; to put this once fine nation back on its feet.

January 23, 2010 12:23 AM GMT

http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6999097.ece

From The Sunday Times, January 24, 2010

The Man from the Pru is bullish on Asia

In his first full interview as the insurer's chief executive, Tidjane Thiam tells how he plans to keep the group on its chosen course

Iain Dey

When Tidjane Thiam arrived at Prudential as finance chief two years ago, most of his colleagues thought he was mad. "I kept saying words like 'Armageddon', and warning that everything was going to go wrong," said the 47-year-old, who took over as chief executive last October. "Meanwhile, things kept getting better. I was losing a bit of credibility along the way."

Chris Coles wrote:

On the face of it Tidjane Thiam is doing a wonderful job. We are told that he "has pulled off some clever deals to shore up the group's balance sheet. The shares have tripled from the low point reached last year." And again, "In a few weeks' time he will report his first set of results. Analysts at Goldman Sachs expect the group to make pre-tax profits of about £1.1 billion for 2009, against losses of £406m for the previous year." His allegiance is to the company, quite rightly. So he is going to continue to drive the hard cash generated …"more of that into Asia than ever before — albeit selectively." "We have always said 'Asia, Asia, Asia'," said Thiam. "I felt that we were not maximising the opportunities we had. Too much capital was going into the UK. If you look at the figures, our first destination for investment was the UK, yet we were Pru, the Asian play." The Times tells us that "He needs to keep the UK business for its cashflows and capital — and its credit rating. Investing that money in Asia generates returns of more than 20%. Ploughing it into Britain yields about 14%."

All well and good, except we need to remember that the Prudential was the primary British savings institution that stepped forward to underpin the British economy after WW2. Today it and Thiam believe their responsibility is not to the long term success of the British Isles, but to Asia. Nothing wrong with that except for one small detail….. Today, we do not have any source of the equity capital we need to underpin the success of the British Isles after this present collapse. Thiam is not interested and why should he be? His allegiance is to France, or Asia or the Prudential, certainly not to the UK.

Nations are built upon the endeavour of their citizens; who plough back their profits as savings into new equity capital to permit others to follow them and add their contribution to the combined success of everyone. We must create new savings institutions and start anew, or as a nation; perish

January 24, 2010 11:45 PM GMT

http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6999826.ece

From The Sunday Times, Leading Article, January 24, 2010

Barack Obama's banking plan could split the West

Scott Brown has a lot to answer for. His stunning Senate victory for the Republicans in Massachusetts sent the White House into a spin. President Obama promptly decided on the populist gesture of targeting Wall Street with vague proposals to outlaw banks' risky activities and limit their size. Though seemingly hastily wheeled out, the ideas were first floated a few months ago by Paul Volcker, former chairman of the Federal Reserve Board, a man widely regarded as the best US central banker of the modern era. As a result they have some credibility, though they are far from being a panacea.

Many believe the banks have brought this on their own heads. The return of big bonuses so soon after a crisis of their own making, for which ordinary people will be paying for years, showed crass insensitivity and greed. America's banks rushed to pay off their obligations to taxpayers under the Tarp (troubled asset relief programme) precisely so that they could get back on the bonus gravy train. The behaviour of the banks, however, is no excuse for flawed policy. Nobody yet knows the detail of Mr Obama's plans, probably not even the president. But from what we know so far, they suffer from two serious shortcomings.

The first is that they would not have stopped the current crisis. Neither Lehman Brothers nor Bear Stearns, the Wall Street investment houses that collapsed, would have been caught by these proposals. They would not have prevented Northern Rock funding its mortgage book from the wholesale markets, or HBOS or the Dunfermline building society making dodgy loans.

The financial system is large and complex, as Paul Tucker, deputy governor of the Bank of England, pointed out last week. The problem, said Mr Tucker, was the vast "shadow" banking system that originated in America three decades ago. It was also the lightly regulated activities of firms such as AIG, which most people would have expected to have been getting on with its core business of insurance. ……

Chris Coles wrote:

The one thing the banks all claim is that they operate within a free market. Yet, it is easy to argue that they do not treat with their clients as they treat with themselves. That they operate a feudal mercantile economy by lending on indeterminate terms; by changing the rate charged downstream from the moment of the sale. A point I have been making for some years now. A classic competitive marketplace will always ensure that, if any are over charging, others will enter the market to compete. Yet we have clearly seen that instead of competing, they buy up their competitors and or ignore the entreaties of their customers, even when their customer is their own government.

If any market is not delivering competition of sufficient quality; then it cannot be a free competitive marketplace. Ergo, it is plainly in view that banks are not operating within a true free market, regardless that they argue otherwise.

As I seem to be the only individual arguing that we need to recognise a set of rules for a free market and have set them out in some detail; may I be so bold as to suggest that the best way forward from this point, is to open that debate up to an international conference. Either the banks are operating in a free market, or they are not. Surely, that is the first question to be answered? If they are not, then, surely; it is past time for others to join that debate.

January 23, 2010 11:01 PM GMT

Chris Coles wrote:

jasper jasper wrote: “Chris Coles. One thing is for certain, Bankers do not operate in a free market; they are only in it for themselves. …… and is conducted to maximise profits by the use of other peoples money. Inflation and deflation work perfectly well for the bankers when they themselves control finance; so why on earth would they want the system to operate any other way?”

Bankers have always claimed to operate to free market rules. They constantly talk about the free market. What I have done is describe what I believe to be the rules for a true free market in a free PDF: The Road Ahead from a Grass Roots Perspective. When you get to read it, you will discover that if my description of a free market is correct, banks et. al. do not operate to free market rules. Indeed, far from it; I show they operate a feudal mercantile system that is grossly uncompetitive and as you also point out, suits only a very small group. But that is the point, they have hoisted themselves on their own petard; they therefore must be brought into line with their own claims.

My central point is that our whole civilisation is firmly based upon a strong foundation of all sales being fixed, at the moment of sale, (fall of the hammer in an auction, shake of hands or a signature). But over a long period, finance has introduced various mechanisms to subvert the free marketplace by claiming they must vary the cost of money downstream from that moment of the sale. Further, they introduced Venture Capital, which is totally feudal and underpins the whole feudal mercantile economy with mergers and acquisitions, M&A. That all financial institutions are operating within a feudal, rather than a free market economy.

By forcing the issue of agreeing rules for true free markets; it is my firm belief that that simple action will, in turn, introduce real, strong competition; which will change the system back to one that will work for everyone. A true free market for finance.

January 24, 2010 11:12 PM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article6999911.ece

From The Times, **Leading Article,** January 26, 2010

Arrested Development

The Department for International Development cannot trace £312 million doled out in Malawi. In a time of cuts, even overseas aid must reflect the national interest

The Foreign and Commonwealth Office was a colonial relic and the Ministry of Defence was worse. The Department for International Development was something quite different. They knew Bono. Bob Geldof might come round for tea.

This, at least, was the theory. When DfID was born, via an elective Caesarean from the Foreign Office in 1997, Tony Blair and Clare Short were clear about their intentions. This was to be a new sort of Whitehall politics, where people who shunned Whitehall could feel at home. Not for them the old-school ties and shiny shoes of the FCO and MoD. They wore wristbands to make poverty history. They were to be noble, apolitical, ethical and pure.

Thirteen years later, and things look slightly different. Contrary to the enduring public impression, the business of the Department for International Development is no longer confined to apolitical poverty reduction in unglamorous parts of the Third World. In fact, DfID has become the aid community's Jekyll and Hyde.Alongside these cuddly-sounding ambitions, the department is also now the largest British agency working to further foreign policy aims of reconstruction and stability in Afghanistan and Iraq. It also spends large amounts in Pakistan.

A political generation ago, all this would have been the work of the FCO. Since 1997, though, the years have not been kind to the mandarins. Their budgets and influence have shrunk, even as DfID's have thrived. The latter department's budget today is almost four times that of its pinstriped former parent.

It is not always clear where all that money goes. The news that £312 million of DfID funding has seeped out of sight in Malawi raises questions both about the efficacy of that department, and about the very practice of handing over British taxpayers' cash, with few quantifiable strings attached, to the governments of developing nations. As budgets contract in all other aspects of British government spending, suddenly it is DfID that looks like a relic — of an innocent and more profligate age.

Between 2008 and 2011, DfID plans to have spent £825 million in India alone, helping to achieve the Millennium Development Goals. This exceeds that which, over a similar period, it will be spending in neighbouring Pakistan, where stability has a direct and obvious influence over our own national security. As our national budget contracts, such things demand scrutiny.

DfID's generosity is not merely born of good intentions but also, frequently, the agent of good and quantifiable results. Few could regret, for example, the £1.4 billion that Britain has spent since 2007 on immunisation. Even when the money trail becomes more hazy — as with the budget support given to Malawi — it does not necessarily follow that funds have been misspent. But as the department now increasingly finds itself raided for funds by the FCO and MoD, all we should regret is the vague air of subterfuge with which this is being done.

This month, David Cameron announced that spending on international development would be ring-fenced under a Conservative government. As statements go, this one was bold, but close to meaningless. A Conservative government, he added, would also be prepared to use that funding to pursue national security aims. In essence, this is like ring-fencing a field, but also being prepared to build a house on it.

He should be less coy about his intentions, as should Labour, which has already quietly begun to do the same. As money grows tight, we can ill afford more Malawis. As cuts loom large in all areas of government spending, not least in those that relate to security more directly, the new kid on the Whitehall block may have to grow up.

Chris Coles wrote:

Having created my proposals for a new form of funding mechanism for job creation, (which as many will know from these columns is called a Capital Spillway Trust), over the years I did my best to get into conversation with anyone who would listen, as a means to bounce the ideas around for debate. This report reminds me of a long conversation I had with a senior US State Department official who told me of their travails in making any form of financial grant to other countries. It would appear that the facts are very well known; money as grant aid seldom arrives where it is targeted, but instead, usually passes very swiftly into unknown pockets. The gentleman in question was intrigued by my new thinking, as my proposals seemed to overcome the recognised problems by creating a fixed, auditable mechanism; which would directly invest the grants into new job creation. And, the funds do not go through anyone other than the direct recipient. You do not need an intermediary. All DfID need to do is create a "Local" Capital Spillway Trust fund and invest the grant money, through that trust, under the investment rules already set out in great detail in The Road Ahead from a Grass Roots Perspective. Their local trust fund would become the owner of a twenty percent stake in each and every venture created and the recipient of the investment would have incentive to repay the original grant.

Indeed, there is a very practical example of a similar system, the Marshall Plan, which was capital invested into Germany at the end of WW2. That plan worked sufficiently well that even now, to this day, the original capital is still identifiable.

It goes without saying that, in the interests of reducing what appear to be vast amounts of taxation wasted by existing schemes, I will be pleased to assist anyone wishing to try out my thinking in this matter.

January 26, 2010 1:39 PM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7002250.ece

From The Times, January 28, 2010

Davos: Top bankers to hold secret talks with Darling in bid to avert tough sanctions

Patrick Hosking, Helen Power and Suzy Jagger

Alistair Darling is to meet the chiefs of top British and American banks at a secret meeting in Davos tomorrow to hear their concerns about the introduction of tough new sanctions against the banking sector.

The Times **has learnt that the bosses of HSBC, Barclays and Standard Chartered, and top executives from key American banks, including JP Morgan and Morgan Stanley, will try to persuade the Chancellor that any moves to curtail the banks will have unforeseen repercussions for the global economy.**

The talks will be hosted by Peter Sands, the group chief executive of Standard Chartered, one of the architects of last year's banking bailout. ……

Chris Coles wrote:

A Banker wrote: "Another idiotic comment from another outsider who has no idea what they´re talking about. My desk risks more per day than there is gold in the world, that´s one area of one bank!" - Thank you Banker for confirming what I too have been saying; but for entirely different reasons.

Trade, all legitimate transactions, in any legitimate marketplace, stem from the actions of society buying or selling something. A farmer might sell his expected yield of corn before harvest to another, say, a manufacturer of corn products. So far so good, the trade allows them to benefit from the stability of the price today to hedge against the idea that, next year, the price may not be at a suitable level to maintain stability of price next year. But you are not a farmer, nor again, a manufacturer. So, you are not legitimately buying, or selling, you are speculating. Again, there are only so many farmers and manufacturers; so there is a simple limit to the volume of trade. But again, as you tell us, so it must be true; you are trading "more per day than there is gold in the world"…

Again, banks world wide, claim to be agents of what they all call the market economy, particularly, free markets. But the free market is the farmer or manufacturer. Banks were supposed to be the business that provides the working capital for the farmer and the manufacturer to grow crops and manufacturer products from their combined efforts. But what you show is that you are speculating. That is not banking. Again, you state: "more per day than there is Gold", you are in fact using an automatic computer based system, so this is machine driven speculation, never switched off. That is not trade, nor free market. Certainly not banking.

All regulators need to sit down and read The Road Ahead from a Grass Roots Perspective, (if they have not already), and learn that all they need to do is set down strict rules for a true free market and insist all bankers abide by them. So, why not?
January 28, 2010 9:19 AM GMT

http://business.timesonline.co.uk/tol/business/economics/wef/article7005340.ece

From The Times, January 28, 2010

Britain can relax on its bed of nitroglycerine

Negative comments about British bonds are not the problem – but the campaign against our most successful industry is

Anatole Kaletsky

News that Britain is finally out of recession was greeted with hollow laughter by the media, the City and the public — and with good reason. But before immersing ourselves entirely in gloom, let me mention another recent news item that should, paradoxically, be treated as rather consoling. ……

Chris Coles wrote:

"Public opinion, and the politicians who pander to it, wants Britain to expel the money-changers from the temple, yet continue to enjoy the prosperity to which they have become accustomed. Anyone who believes this possible is gravely deluded."

Trade, all legitimate transactions, in any legitimate marketplace, stem from the actions of society buying or selling something. A farmer might sell his expected yield of corn before harvest to another, say, a manufacturer of corn products. So far so good, the trade allows them to benefit from the stability of the price today to hedge against the idea that, next year, the price may not be at a suitable level to maintain stability of price next year. But money changers are not a farmer, nor again, a manufacturer. So, they are not legitimately buying, or selling, they are speculating. Again, there are only so many farmers and manufacturers; so there is a simple limit to the volume of trade. But money-changers are "our most successful industry"…

Again, money-changers world wide, claim to be agents of what they all call the market economy, particularly, free markets. But the free market is the farmer or manufacturer. What Kaletsky describes as "money-changers", note, he does not use the word Bankers, were supposed to be the business that provides the working capital for the farmer and the manufacturer to grow crops and manufacturer products from their combined efforts. But now we very well know they are speculating. Moreover, speculating using automatic computer based systems. So this is machine driven speculation, never switched off. That is not trade, nor free market; certainly not banking; but financial speculation, gambling!

All politicians need to sit down and read The Road Ahead from a Grass Roots Perspective, (if they have not already), and learn that all they need to do is set down strict rules for a true free market and insist everyone, including the money-changers, abide by them.

So, why not?

January 28, 2010 10:02 AM GMT

http://www.timesonline.co.uk/tol/comment/columnists/anatole_kaletsky/article7005279.ece

From The Times, **Leading Article**, January 28, 2010

Karzai's Question Time

Britain is paying a heavy price for its effort in Afghanistan. The least it can expect of the London conference is a clear programme from the Afghan President

Britain is paying a heavy price for its efforts to place the Afghan nation on a sound foundation. The annual cost of the war is more than £2 billion, and that financial burden is increasing steadily. The cost in men, of course, is incalculable; 251 British servicemen have already died in Afghanistan, and as the Taleban improvised explosive devices become more deadly and sophisticated, that number is also rising uncomfortably sharply. ……

Chris Coles wrote:

Speaking in Davos yesterday, Abdullah Abdullah, the former Foreign Minister who dropped out of a presidential run-off with Mr Karzai, said of the President's trip to London: "He's going there with half a Cabinet and half legitimacy, and with no programme."

Whomever wrote "For now, the question of the legitimacy of his election has passed — it is not the time for another election." - may believe that, but I for one do not. Abdullah Abdullah is absolutely correct; Karzai is not legitimate. Indeed, it is perfectly clear that the whole question of the road we are now on; is one involving enormous cash hand outs to a questionable individual and his friends.

Two questions:

1. Is Gordon Brown and for that matter our Foreign Office saying that Abdullah Abdullah is as questionable a candidate as Karzai?

2. Has Abdullah Abdullah given any indication that he wanted the same cash handouts as Karzai?

Let me guess, the answers in both cases is no. So we need to ask another question. Is Karzai the only individual in Afghanistan who will promote the schooling of the children, including the girls? And I will bet my right arm the answer again is no.

What we have before us is the most disgusting example of corruption imaginable. No wonder the majority of the surrounding countryside is almost completely under the control of forces antagonistic to Karzai and other Western influences.

Until we step forward as legitimate supporters of a legitimate president, not wanting cash handouts, all that is going to happen is we will continue to lose face with the rest of the people of Afghanistan. If we support a less than legitimate president; we are just as questionable as Karzai. That is a totally unacceptable position for the British nation.

January 28, 2010 10:38 AM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7005298.ece

From The Times, January 29, 2010

Barack Obama hits the road to proclaim his new message of job creation

Tim Reid in Washington

Hours after he used his first State of the Union address to criticise Congress for putting politics above the plight of ordinary Americans, President Obama took to the road yesterday to proclaim his new message of job creation. ……

The 71-minute address was consumed by the themes of jobs and the economy, …….

"Jobs must be our number one focus in 2010," he said. "People are out of work. They are hurting. They need our help." ……

Chris Coles Wrote:

President Obama must learn that no one can create new jobs without access to equity capital. Moreover, that there is no functioning mechanism to reinvest savings as equity capital, on free enterprise terms, back into every social layer, of any nation; from any form of savings or pension fund. No such free enterprise, free market function exists. There are two central issues: The first is the role of savings institutions that have been replaced by banks.

Banks provision short term working capital as loans. They have no remit, of any sort, to provide the equity capital, any business, (whether trading or industrial manufacturing), needs, to underpin that working capital. Everyone has failed to recognise that the banks have replaced the function of the savings institutions; whose purpose was to take the savings of the people and deliver the provision of the equity capital. Without realising it, the savings institutional functions were replaced by government attempts at job creation; by trying to replace the equity capital with government grants. The savings institution disappeared from view; their function forgotten and consigned to history. Trying to provision the entire financial structure of a capital based economy designed for a free society, with mercantile loans; has instead generated a feudal mercantile economy that suits none but a tiny minority.

Obama has to recognise the need to create new savings institutions that must be given a remit to provide the missing equity capital. That new source of capital must, in turn, address the needs of a fully free society.

The second issue, just as important; is the failure to recognise that we do not apply true free market rules to finance.

The Road Ahead from a Grass Roots Perspective sets out in great detail exactly where we have gone wrong in our failure to apply free market rules. Chapter 4 asks the question: What is a Free Market? And Chapter 5 sets out in detail: The Rules for a True Free Market.

January 29, 2010 10:40 AM GMT

http://www.timesonline.co.uk/tol/news/world/us_and_americas/article7007127.ece

From The Times, **Leading Article**, January 29, 2010

Doctor in disgrace

The consultant who sparked the MMR vaccine scare now faces being struck off

The descent into professional disgrace of Andrew Wakefield is now almost complete. The doctor who fanned an unwarranted panic by suggesting a link between the three-in-one measles, mumps and rubella (MMR) vaccine and autism — prompting a fall in vaccination rates that spawned a startling rise in cases of measles— was condemned yesterday by the General Medical Council for acting "dishonestly and irresponsibly" in conducting his research. He now faces the possibility of being struck off the medical register. ……

Chris Coles Wrote:

Having followed the ongoing debate that has arisen over the increase in Autism in children; let me see if I can introduce some new information that The Times does not seem a party to. My understanding is that the problem is now very well defined as the use of what are known as Adjunctives, one of which, (but not the only), is a derivative of Mercury, called Thimerosal and the cover up that is ongoing. Four years ago, Robert F. Kennedy, Jr. wrote an article http://www.rollingstone.com/politics/story/7395411/deadly_immunity/ exposing a secret meeting where a plan was hatched to cover up the dangers of thimerosal. According to Kennedy's account, in June of 2000, a group of top government scientists and health officials -- including high-level officials from the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), the top vaccine specialists from the World Health Organisation (WHO) and representatives from every major vaccine manufacturer -- secretly gathered to discuss the use of thimerosal in childhood vaccines. Data indicated that the toxic heavy metal appeared to be responsible for a drastic increase in autism and other neurological disorders among children. However, rather than taking every precaution to protect public health, they spent the majority of the next two days plotting how to protect the industry's bottom line by getting rid of the troubling data.

Further reading and listening:

http://articles.mercola.com/sites/articles/archive/2009/01/27/mercury-in-vaccines-was-replaced-with-something-even-more-toxic.aspx

This final link is a 1 hr interview that opens on the swine flue saga, but ends with a very clear description of the ongoing damage being done by repeated vaccination.

http://articles.mercola.com/sites/articles/archive/2009/11/03/What-We-Have-Learned-About-the-Great-Swine-Flu-Pandemic.aspx

Wakefield was on the wrong track, but the right mission. The Times needs to get up to speed with adjunctives.

January 29, 2010 8:42 AM GMT
http://www.timesonline.co.uk/tol/comment/leading_article/article7007110.ece

From The Sunday Times, January 31, 2010

Banks keep up the squeeze on loans

Excessive fees are leaving firms struggling to find the funds they need

Rachael Bridge

Husband and wife Kelvyn and Jan Marketis are two of the fortunate ones. When they needed a small loan to refurbish their fancy-dress shop Fun 'n' Frolic in Reading they approached their bank Barclays to ask for help. Within three weeks the couple had the money. …..

Unfortunately, the Marketis story is proving to be the exception rather than the rule. Despite signs that Britain is at last moving out of recession, small firms still face an enormous battle to get funding. And when they are offered it, the raft of administration and arrangement fees, in addition to interest rates of up to 8%, being demanded by the banks is often so great they have to turn down the loan.. ……

Chris Coles Wrote:

No one can create new jobs without access to equity capital. Moreover, that there is no functioning mechanism to reinvest savings as equity capital, on free enterprise terms, back into every social layer, of any nation; from any form of savings or pension fund. No such free enterprise, free market function exists. There are two central issues: The first is the role of savings institutions that have been replaced by banks.

Banks provision short term working capital as loans. They have no remit, of any sort, to provide the equity capital, any business, (whether trading or industrial manufacturing), needs, to underpin that working capital. Everyone has failed to recognise that the banks have replaced the function of the savings institutions; whose purpose was to take the savings of the people and deliver the provision of the equity capital. Without realising it, the savings institutional functions were replaced by government attempts at job creation; by trying to replace the equity capital with government grants. The savings institution disappeared from view; their function forgotten and consigned to history. Trying to provision the entire financial structure of a capital based economy designed for a free society, with mercantile loans; has instead generated a feudal mercantile economy that suits none but a tiny minority.

We have to recognise the need to create new savings institutions that must be given a remit to provide the missing equity capital. That new source of capital must, in turn, address the needs of a fully free society.

The second issue, just as important; is the failure to recognise that we do not apply true free market rules to finance.

The Road Ahead from a Grass Roots Perspective sets out in great detail exactly where we have gone wrong in our failure to apply free market rules. Chapter 4 asks the question: What is a Free Market? And Chapter 5 sets out in detail: The Rules for a True Free Market.

January 31, 2010 12:40 AM GMT
http://www.timesonline.co.uk/tol/money/borrowing/article7009631.ece

From The Sunday Times, January 31, 2010

‘Callous, unethical and dishonest’: Dr Andrew Wakefield

Brian Deer

It began with a few murmurs. As Surendra Kumar, a Cheshire GP, read out the verdict of the General Medical Council (GMC) panel on the conduct of Dr Andrew Wakefield and two colleagues last Thursday there was muttering in the public seats. “Disgraceful,” grunted one woman. “Rubbish,” spat another.

As Kumar spoke the key words — “dishonest”, “irresponsible”, “contrary to the clinical interests of this child” — a crackle of anger and amazement erupted. I wondered if a fight would break out in the London committee room. ……

Chris Coles Wrote:

Wall Writer wrote: “@ Jacqueline Stuart. Here we go again. Pathetic. All very well knee-jerking responses like 'witch-hunt' and so on from behind your computer. Oh, of course, you know from 'personal experience'......yeah right, another of those claims nobody will be ever able to check out. Easy. Lame. Pathetic. Answer me this, why is it only in Britain that kids (supposedly) develop autism after an MMR jab?”

There is no doubt that Wakefield acted unethically. But autism in children is an ongoing scandal that will not go away. Several years ago Robert F. Kennedy, Jr. wrote an article http://www.rollingstone.com/politics/story/7395411/deadly_immunity/
exposing a secret meeting where a plan was hatched to cover up the dangers of thimerosal. According to Kennedy’s account, in June of 2000, a group of top government scientists and health officials -- including high-level officials from the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), the top vaccine specialists from the World Health Organisation (WHO) and representatives from every major vaccine manufacturer -- secretly gathered to discuss the use of thimerosal in childhood vaccines. Data indicated that the toxic heavy metal appeared to be responsible for a drastic increase in autism and other neurological disorders among children. However, rather than taking every precaution to protect public health, they spent the majority of the next two days plotting how to protect the industry’s bottom line by getting rid of the troubling data. Also: http://articles.mercola.com/sites/articles/archive/2009/01/27/mercury-in-vaccines-was-replaced-with-something-even-more-toxic.aspx
This final link is a 1 hr interview that opens on the swine flue saga, but ends with a very clear description of the ongoing damage being done by repeated vaccination. http://articles.mercola.com/sites/articles/archive/2009/11/03/What-We-Have-Learned-About-the-Great-Swine-Flu-Pandemic.aspx

January 31, 2010 8:34 AM GMT

http://www.timesonline.co.uk/tol/news/uk/health/article7009882.ece

From The Times, **Leading Article**, February 1, 2010

Which Capitalism?

Two arguments dominated the World Economic Forum — the long-term question about the nature of capitalism and the immediate question of bankers and their pay

In the 1960s the developed world and the developing world started an argument about capitalism, to replace the one that they had been having about nationalism. The argument is still going on but, to judge by the World Economic Forum last week in Davos, the sides have changed.

The possibility of a third way between capitalism and Soviet communism bewitched the leaders of developing countries as they first exercised independence. Rather clumsy mixed economies resulted, with disappointing growth. Meanwhile, the capitalist countries grew in confidence, which seemed amply justified when the Berlin Wall fell and the GDP claimed by many Soviet satellites turned out to be fictitious.

Yet in Davos, the developed world had lost the optimism of that heady time. ……

Chris Coles wrote:
Which Capitalism indeed? Creating a debate highlights an unexpected viewpoint; capitalism is not about profit, certainly not about liberal democracy. Capitalism is merely the process of the use of capital to create industry to employ the people of the nation.

Again, surely, the only thing of any real value, in any nation, is the power of the industrious to build prosperity. All you need is the original idea for the product or process and the capital. The West has just as many with new ideas as the East. So the debate is simply about why we invest; not how. In the East, they simply got on with it and that is the nub of the matter.

Capitalism is simply investing to create new industry; nothing more.

What went wrong here in the West is that we became enamoured with an illusion; that we can create financial institutions that own the efforts of the majority of our industrious. No, I did not say industry, I said industrious. We lost sight of why we became so successful in the first place. Freedom, in a liberal democracy, stems from the freedom of the people to create new industry. Not from capitalism. Believing we were right while creating a feudal system that is inherently wrong; has left us bewildered. That is our problem.

The true aiming point of any civilisation is surely to unshackle the lives of as many as possible? We are not here to make a profit without also leaving everyone we touch in a better state. No community saves its money for the savings institution to improve itself at the expense of the saver. We need to find a way forward that makes it possible for everyone to be able to live full lives, unshackled to the utter stupidity; that we cannot be permitted to be both free and successful. Civilisation surely demands everyone is left free to pursue their lives as they think fit? We must recognise that if investment is not civilised, and the recipient is not left free, we are living in a feudal rather than a civilised society.

Please, think about that.

January 31, 2010 11:13 PM GMT

Chris Coles wrote:

algernon carruthers wrote: “ hi chris, nice couple of paragraphs but it all sounds like empty politico-speke, could be coming from the mouth of any of the cameron/brown/clegg drones. i'd love to see a bit of real capitalism, the free market being left to punish the stupid and greedy with bankruptcy. nobody ever talks about the basic principles of our system. why such a slender fractional reserve? why not let the market dictate interest rates? lets address these things before we start debating "which capitalism?"”

First of all, thanks to everyone for their response. Much appreciated. Turning to ac above, I am certainly not a clone of any of Cameron/brown/clegg drones. I am an inventor first and foremost and it was the experience of trying to create new industry and the impossibility of raising the equity capital required, even on unacceptable terms; that drove me to start writing way back in the 1970’s. More recently, (having written what has turned out to be a very controversial book on the subject of gravity), which again, no one will fund, brought me right back to this debate. So, during last summer I decided to bring everything I had written about my funding problems into a new book: The Road Ahead from a Grass Roots Perspective, and use it as Viral marketing for my ability to think, clearly and logically. As for ownership, I see it as an inalienable freedom; the right to own your own life, work, home, thoughts, et al. In which case, freedom also applies to the inventive and industrious, as the right to own the product of their industrious intellect. No different to an artist or writer; owning the right to their work. Thus free enterprise is an inalienable freedom; the right to own the business they have created. Just as employees are free to work, or not, in any such free enterprise. That the problem we face today is that we live in a feudal economy, created by financial institutions, that has signally failed to deliver that inalienable freedom.

February 1, 2010 5:09 PM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7010380.ece

From The Times, February 1, 2010

The elephants in the room tiptoed out of Davos

Anatole Kaletsky: Economic View

The good news about the mood at this year's gathering of the good and the great at Davos is that there was no mood. Like a patient recuperating after a massive heart attack, Davos was under doctor's orders to avoid any overexcitement and doing its best to comply.

There was hardly a frisson of enthusiasm about Friday's sensationally strong US GDP statistics, nor much despair about the gloomy figures produced by Britain two days before. Nobody was willing to speculate too far ahead about the consequences of the political catastrophe for the Obama Administration in Massachusetts, nor pay very much attention to calls from President Sarkozy for a reinvention of Western capitalism in the years ahead. ……

Chris Coles wrote:

What on Earth is it about economics that makes it impossible for anyone to see any solution other than government borrowing to spend, or slashing interest rates and devalue the currency to create new industry to create new tax income?

We are supposed to live in a capital based society where savings are taken into a central pool, from where they are re-distributed, at arms length, as new equity capital, to permit the industrious citizens to create new industry, to employ the people who in turn pay tax.

Yet here we have an economist that does not seem to understand the very first principle of the creation of new tax income. Not that that is such a surprise as the same goes for the government of the day too.

Knock! Knock! Hellooooooo!!!!!

No, nothing there, I thought as much.

Empty of ideas.

January 31, 2010 11:37 PM GMT

http://business.timesonline.co.uk/tol/business/article7010341.ece

From The Times, **Leading Article**, Tuesday February 2, 2010

Shooting for the Moon

President Obama's plan to mothball America's mission to put another man on the Moon is a giant leap for budgetary finance, a backward step for science

When President Kennedy said in 1962: "We choose to go to the Moon . . . and do the other things, not because they are easy, but because they are hard," he was talking about finding the stomach and the scientific wherewithal to support such an adventure. But he could just as easily have been talking about the funding.

Yes, in a time of recession, finding money is hard. When, just a year after electing him with hosannas, Americans worry that their new President has a profligate way with the nation's chequebook, it is easy to regard Nasa's manned space flight programme as a luxury that an administration eyeing up costly universal healthcare can hardly afford. Easy, but also wrong. ……

Chris Coles wrote:

"If the US wants to be able to lead the space race it cannot afford to be encumbered by social care programmes that inhibit long-term investment. China has both the ambition and the money to look to the long term. Just as President Kennedy's lunar ambitions had been provoked by the Soviet Union launching Yuri Gagarin into orbit in 1961, today it is China that has set its sights on the stars. The world's newest superpower plans to put a man or woman on the Moon by 2020. India, reluctant to let China steal a march in space, launched its first unmanned mission to the Moon in 2008. It is now aiming to send an Indian astronaut into orbit by the middle of this decade."

The US is not encumbered by social care programs, but by the actions of its own investment banks who not only drained away the once mighty industrial capacity of their nation to China, but at one and the same time; gave China the vast sums of money it needed to do that. So this leader is an excellent exercise in self delusion. Turning to the challenge that once faced Kennedy only serves to reinforce the facts. President Obama faces the potential extinction of the might of his nation, not from rockets fired from another continent; but from the utter stupidities of his own nations financiers, hell bent on throwing away the one thing that any nation must nurture; its capacity to design and produce products, its industrial base! China and India will continue powering forward. That first Indian satellite worked perfectly, again reinforcing the message; that it is the industrial capacity of China and India that allows them to succeed. The damage to the financial structure of the US, (as also the same to the UK here), must be corrected and re-balanced before a new drive back towards a strong industrial base can start. Obama has to show the strength to bring his budget back under control quickly. Like any over borrowed individual; he must quickly reign in spending now, to secure his nation's industrial future.

February 1, 2010 11:17 PM GMT

Chris Coles wrote:

Everything said here about the wonders brought to us all by the NASA space program is perfectly true. No one can argue against that. But from the outset, NASA was paid for from the surplus tax income generated from their industrial prosperity. And the truth is; they no longer generate sufficient surplus tax income from their industrial heart to pay for such adventures. Classically, many now try to pass the blame onto the messenger, President Obama. That somehow, the underlying difficulties occurred within the last twelve months since his election, when in truth, it is simply the end result of many decades of financial misadventures, that have damaged their industrial capacity to create the surplus tax income to pay for it.

The space adventures will certainly continue; but perhaps now, no longer under NASA leadership.

February 2, 2010 9:21 AM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7011662.ece

From The Times, February 2, 2010

If banks can't borrow, they won't be able to fail

Wall Street hucksters brought the world to the brink of ruin. To stop it happening again we need a new banking system

Laurence Kotlikoff

In 2008, as financial titans bit the dust, no US official dared to say the D-word. It was economically incorrect. Even whispering it could trigger more bank runs. So President Bush, Henry Paulson, the Treasury Secretary, and Ben Bernanke, Chairman of the Federal Reserve, kept "depression" at the back of their tongues. ……

Chris Coles wrote:

Charles Munro wrote: "Re P H at 11.45 01/01/10 I may be thick, but I don't understand where a bank holding 100% reserve finds funds for earning yielding investment"

The answer extends Kotlikoff's proposals for Limited Purpose Banking, beyond banking, and into the creation of the new savings institutions we need to recreate our industrial base. Traditionally, dividends from common stock of manufacturing companies were always in the region of 8%. You therefore generate dividend income from equity investments into the industrious in your local communities.

A capital based society does not borrow money; it invests savings into a central pool, from where they are re-distributed, at arms length, as new equity capital, to permit the industrious citizens in the savers communities to create new industry, to employ the people who in turn pay tax. Successful industry in turn pays dividends back to the central pool. That is classic capitalism, a well proven system that uses the equity capital as free money, to pay all the costs of the creation of the company up to the point where it can stand on its own feet and start to pay profits and dividends.

Of even greater importance, the money value of the equity capital is still deposited into the company's bank account, and thus provides much improved stability to the bank's finances as well as the companies.

If you add encouragement to the founders of the new industry to repay the founding capital back to the central pool, and add in the dividend income from the successful, you have a stable economy without borrowing; that has the potential to increase the prosperity of the savers communities.

So, why not?

February 2, 2010 8:48 AM GMT

http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article7011551.ece

From The Times, February 3, 2010

Britain must take a cold, hard look at itself

Ignore all the talk about being a 'post-industrial society'. We know what successful economies are like. Let's copy them

John Rose Sir John Rose is the chief executive of Rolls-Royce plc

It is encouraging to see that a serious debate has been joined about the future direction of the British economy. Describing a "new economic model" yesterday, George Osborne, the Shadow Chancellor, outlines important policies that are a real step forward and aim to "build a more balanced economy"; in other words, an economy less dependent upon the financial services sector. This is being supported by the excellent work being carried out by Sir James Dyson's task force on how to improve the UK's performance as a high-tech exporter.

Across the political divide, Lord Mandelson's advocacy of industrial activism was also welcome. The New Industry, New Jobs programme is examining ways in which government action can be "targeted on those areas where it can most make a difference"..

Chris Coles wrote:

My immediate reaction was to put my head in my hands. What on Earth can I say to someone in as lofty a position in the pantheon of UK Engineering that will make any sense? He has every facility to hand to follow any related product development imaginable. The Civil Service will fall over themselves to help, in any way possible without a murmur of dissent. His world is magical, enlightened, totally funded. First instincts tell me to remain silent; but many that I know will then fault me for so doing. We have heard it all before, grand aiming points from someone without recent experience where it really matters, right down at the grass roots where the Civil Service will not even speak to us. Particularly if we have the brass cheek to answer back and suggest that the service they claim to provide is, quite literally, a sham. Add to that the certainty there is no source of funding. But do not talk to me, ask people closer to the centre, say, at the British Library UK Entrepreneur Network who tell me today: "The Business Support system has become a top heavy ant hill with money cascading through one public sector organisation after another tied up in administration and meetings about bloody meetings, leaving virtually nothing for the businesses the initiative was supposed to benefit. With an election coming up some public sector agencies engaged in innovation support are now competing not only against each other for positions and funds, but against the private sector businesses they were established to support. If you pooled all the money spent over the past 5 years wasted on prodding and poking creative industries in one 'consultation' exercise after another - it would likely amount to over a £billion. That would have bought a huge amount of innovation in private sector. And what has come out of those consultations in any tangible form that is sustainable and beneficial to creative industries? I can't think of anything? Can you?" We only need funding, not words.

February 2, 2010 11:10 PM GMT

Chris Coles wrote:

What are we trying to achieve? Is it a continuing failure to achieve our full potential or, a successful nation moving forward? The answer is surely the latter and that brings us face to face with a very stark choice. The nation has a gangrenous arm called innovation and small business support. It comprises many facets; quango's interlocked with multifarious departments all claiming to be useful, but in fact, not one of them would be missed for one moment. Just as with a diseased arm in a child, we are faced with the same stark choice for the survival of the patient. So the primary question is not who wins the next election; but who has the courage to do what must be done, if the patient is to survive. It is no use trying to save the arm and the sooner it is removed in its entirety, the better. No one will miss it; indeed, you can depend on cheers from all quarters of the innovation compass. Except perhaps those in large companies who use its services to reduce their overall tax bill by claiming back government grants for work they can well afford to pay for themselves. So this is a classic win win.

Yes, it will be argued that there will be a drastic short term reduction in economic activity. But that activity is entirely driven by government borrowing; something else we can no longer afford. The incoming government can reduce spending without associated loss of functionality.

That will still leave us with the gaping hole in the funding we need to take our individual inspired innovations forward to compliment the success of the nation. We therefore need a determined, sweeping program, to swing taxation rules towards supporting the creation of completely new mechanisms to fund the development of new, small, innovative ventures with free enterprise based equity capital. I have set out the rules for such in The Road Ahead from a Grass Roots Perspective and whoever wins the next election must follow through with the required actions to make it all possible.

February 3, 2010 11:19 AM GMT

Chris Coles wrote:

It is important that everyone realises that I do not subscribe in any way at all to "getting rid of the Queen" or anyone else for that matter. This is simply about the ethos of serving the interest of the nation by creating the right environment to encourage anyone, at any level of any nation; to succeed. That what we have today is a Civil Service that has lost sight of its responsibilities to the wider nation. The challenge facing whoever takes up the ongoing leadership of the Civil Service is to recognise that the executive cannot continue as before. That a lot of the problems we face today stem from their lack of a perceived role as Public Servants. Not as servants to the elected government, but to the wider nation. In large part I follow on from Chapter 12: The Responsibilities of Government. What we have today is a cynical disregard for the general population. All that is needed is a redefinition of those responsibilities towards a wider remit than today; perhaps including a much stronger freedom of information, so that everyone may see their day to day role, in the full light of public scrutiny. One thing is certain, they cannot continue as now, indifferent to the needs of the wider nation.

February 3, 2010 3:07 PM GMT

http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article7012725.ece

From The Times, February 12, 2010

Merlin proves magic of flotations has gone

David Wighton: Business Editor's Commentary

The big City investors warned that they would demand rock-bottom prices from the private equity firms queuing up to float their companies this year. And they weren't kidding.

The pulling of the Travelport flotation and the shelving of the plans for Merlin Entertainments suggest there is almost a buyers' strike. It threatens to close the production line down completely.

Few fund managers put it quite as explicitly as Andy Brough of Schroders, who says he simply does not want to buy any private equity float, period. But others are equally adamant in private. They say they have been burnt too often in the past and been made to look fools by those clever, highly paid chaps in the private equity firms. They are taking the chance to kick back.

Chris Coles wrote:
There is another stock marketplace that you make no mention of; those companies once regularly formed outside of the listed "Stock Markets" where no one treads any more. Anyone used to be able to create a company, sell stock and go on to create a stable business, outside of the traditional stock marketplaces we are now so familiar with. Such stock was always the province of the "local stockbroker" who knew their patch. It was only after sometimes many decades of long term stable profit, that such a company was then brought to the "market" as an IPO.

But today, it is almost impossible to create such a new joint stock company without infringing one law or another that has been set into place to prevent such new stock being created by "outsiders", not under the complete control of the few in the "City". The paradox being that today, everyone in the "City" fears capital destruction from the IPO.

But surely, when the original equity capital, (all those decades ago), was invested into a new "local" company - that money, the capital, was used to establish the business and was always dissipated back into the community from which it first came during that establishment process. It is simply the "nominal value" of the initial share that might be lost if the business subsequently failed and the money used as capital to establish the business remained in circulation. On the other hand, dividends paid to the local stockholders by the successful business are additional money brought into the community from others purchasing the product. Thus the money paid for the original share capital is never lost and any dividends ensure greater prosperity for the founding community. Is that not the great strength of classic capitalism?

In which case, what needs to be done is to free up that grass roots "local" process once again and which would surely also be in the best interest of all fund managers?

February 12, 2010 12:30 PM GMT

http://business.timesonline.co.uk/tol/business/columnists/article7024301.ece

From The Times, Leading Article, February 15, 2010

The Workshop of Europe

German growth is crucial to the Continent's recovery, yet policy remains tight

Europe has a new financial crisis. The problem lies with Greece, which has built up a huge national debt of €300 billion. The euro has fallen sharply because investors worry about a possible Greek default. They hope for a solution involving Germany. The German Government is being pressed to help Greece out of its financial difficulties, in the name of a wider European interest. But Angela Merkel, Germany's Chancellor, objects to the notion of a bailout.

Ms Merkel's position is understandable but self-defeating and indicative of a wider problem in the eurozone. Germany's stress on fiscal rectitude at home and no bailouts abroad is harming Europe's economy. It thereby works against Germany's interests too.

The EU pledged last week that its 16 members who form the eurozone would "safeguard financial stability in the euro area as a whole". That commitment is intentionally vague. Germans would rightly point out that bailouts violate the principle of national control of budgets. A bailout of Greece would amount to rescuing a country that, under successive governments, had mismanaged the public finances, with the bill being sent to prudent German taxpayers.

But Greece's prospects are bleak partly because the German economy is stagnant. Figures released last week showed that German consumption and investment contracted in the fourth quarter of last year. The only positive contribution to growth came from foreign trade. ……

Chris Coles wrote:

Surely it would be better to remind ourselves that the United Kingdom was once the "Engine Room" of Europe?

And better again to describe policies that would place us right back into that position for the future?

February 15, 2010 10:13 AM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7027022.ece

From The Times, February 16, 2010

Greece use of derivatives puts more pressure on euro

Gráinne Gilmore, Economics Correspondent

The euro slid close to a nine-month low against the dollar yesterday as investors became increasingly nervous over reports that Greece used derivatives to disguise the size of its debts before joining the single currency.

As eurozone ministers met in Brussels last night for talks over the Greek debt crisis, ahead of the Eurogroup meeting of finance ministers from across the European Union today, the EU asked Greek authorities to explain suggestions that they had used derivatives trades with American investment banks to allow them to meet the stringent criteria for joining the euro in 2001.

***The New York Times* reported that one contract in 2001 involved Greece selling forward future lottery receipts and airport landing fees, in exchange for cash to write down debts.**

Josef Pröll, the Austrian Finance Minister, said: "All the suspicions there are, suspicions of faked accounting ... must be cleared up. We'll have to investigate." ……

Chris Coles wrote:

Will someone tell me the difference between a PFI contract, selling, (say, the year on year income from our Dept. of Education to a school), to pay for the construction of new buildings and, say, a Greek government contract to sell, (say, the income from their lottery receipts), to pay off debt? Surely, such a transaction is one and the same thing in both cases? In which case, do we have a clear, open record, of all the PFI debt created by the UK? Does the UK also have a "hidden" pile of derivative PFI contracts? Are we in the same derivative boat as Greece?

February 16, 2010 12:33 PM GMT

http://business.timesonline.co.uk/tol/business/economics/article7028312.ece

From The Times, Leading Article, February 17, 2010

Hold the cabbages

Election TV debates should have a silent audience, if they have an audience at all

Any day now, the ground rules will be agreed on for an historic event — the first televised election debate between the leaders of Britain's three main political parties. If it is to be all it could be, there are two obvious pitfalls that should be avoided. The first is the chairmanship of Piers Morgan.

The second is a live and vocal studio audience. If there is to be an audience, and there should be, it should be asked to remain silent. This may sound like an undemocratic point. In fact, it is the complete opposite. When we hear how others hear, we run the risk of not hearing at all.

Ask a psychologist, and he or she will tell you that experiencing the reaction of others is a key factor in deciding reactions of our own. If you don't trust psychologists (and why do you think that is? Could it be because of your mother?) then ask the producer of a television sitcom. Laughter tracks exist in order to tell us when we ought to be laughing. Without them, we would have to figure it out for ourselves.

With an election hanging in the balance, figuring it out for ourselves is what we ought to do. The wisdom of crowds is a fine thing, but only when the individual members of those crowds have already come to conclusions of their own. ……

Chris Coles wrote:

If we take the empty "Comment" reaction to this Leading Article as a message to both The Times, and the three political parties proposed for the debate; then perhaps everyone needs reminding that none of the above are certain of winning the election. In which case, who is missing? Again, dare I be so bold as to suggest that perhaps it would be better to have several different Chairmen, each relative to specific aspects of the debate? Surely the very best interviews stem from a very intense questioning from a very wide viewpoint. In which case, I will be happy to act as an inventor asking questions relating to long term investment into innovation policy proposals. So, why not?

February 17, 2010 11:27 AM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7029628.ece

From The Times, **Leading Article**, February 18, 2010

Unkindest Cuts

A fiscal squeeze to restore the public finances needs to start now, not next year

There is no peacetime precedent for the fiscal crisis that Britain faces. The public finances will dominate economic debate in the general election. No party doubts that the next government must cut the deficit. The issue is the will to do it and when to start. It must be done; and 'twere well it were done quickly.

The UK has less room for manoeuvre than other advanced economies in the speed with which it restores the public finances. Cuts in public spending should be made now, because swingeing cuts will be needed in 2011-12. The Treasury estimates that the deficit will amount to around £178 billion this financial year, or nearly 13 per cent of national income. In the last recession, in 1992-93, the deficit reached 8 per cent of GDP. In the sterling crisis of the mid-1970s, it was 7 per cent.

The size of today's deficit reflects the huge cost of rescuing the banks. That decision was right but it has consequences. The use of fiscal policy to boost demand fell out of favour after the inflationary decade of the 1970s. But it returned after the collapse of the banking system in 2007-08. Policymakers feared a return of the Great Depression even more than they feared inflation.

The UK went into the crisis with a wide structural deficit (that is, a deficit that will not be corrected automatically when the economy expands again). The price of profligacy and the extra stimulus is an unsustainable deficit that will be hard to correct. It can be done. ……

Chris Coles wrote:

As we see from this report, everyone has concentrated their thinking on the problem of reducing the deficit and the size of the state. But I am reminded that during the 1980's I met with Sir Geoffrey Chandler in his capacity as Industrial Secretary to the Royal Society for the Encouragement of the Arts, Science and Technology, better known as the RSA. He told me that he had been advising that we need to create new jobs as though we were at war; indeed I also understand that he wrote to The Times on the self same subject. We were once encouraged to "get on our bikes to seek work", the obvious remedy to a family income deficit. Surely this time the correct manoeuvre, as a nation, is to concentrate upon the creation of new employment; rather than deficit reduction? That this time around the nation needs to "get on its bike" and thus it would be better to concentrate upon creating new employment outside of government. Instead of assuming that such an aiming point is unattainable; we need to gather our resources and make such a strategy work. Instead of excusing everyone from first addressing the challenge by saying "it depends on growth assumptions that are anyone's guess", we should start to think positively and set out to make it happen. As a nation, we have everything to hand but the imagination to believe it possible. So, why not?

February 18, 2010 12:00 AM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7031315.ece

From The Times, February 18, 2010

Whoever you vote for, painful cuts will come

There's no real argument about what needs to be done. The big question is which party will have the political will to do it

Anatole Kaletsky

As the general election approaches, two nerdish subjects — fiscal consolidation and hung Parliaments — will dominate all political discussions, not only in the Westminster village of the chattering classes, but also around the kitchen tables of middle Britain. The first is familiar enough when expressed in headlines about "tax bombshells" and "savage cuts" in public spending, but these hyped-up descriptions distract from the true dilemmas concerning fiscal policy that Britain will have to face in the five years ahead.

Chris Coles wrote:

Why not open the debate to the numbers of jobs involved? At first sight the aiming points appear to be quite impossible. If our deficit is £180B, then, at, say, £25K average pay for a job, we need to lose 7.2M government jobs, plus £54B tax income, plus add all the unemployment costs. OK, but the fact is Government borrowing to create jobs has totally failed. There can be no further argument about that. Regardless of the daunting numbers, we have no choice but to find another way forward.

Like it or not, we have to create new employment outside of government to offset the lost jobs. Unlike investment bankers, we cannot "magic" new tax income from anywhere else. So, for the sake of this debate, why not create new private employment to replace the present unsustainable government spending on jobs? If we could do that we would get additional tax income and no unemployment costs. We would clear £180B of debt and retain the same tax income. So the simple answer is we must concentrate upon the creation of new private employment.

We already have some 2.4M unemployed. So why not aim to create new, private, free enterprise employment of say, 6M new jobs? On my projections of £25K Equity Capital per new job created, that I set out in the Preface to The Road Ahead from a Grass Roots Perspective, we need to find, ONCE, from savings institutions here in the UK, (Holding the savings of the nation), £150B of private Equity Capital. Remember, the government is already borrowing £180B EACH YEAR from the very same savings of the nation. But to do so the saver is receiving what is a measly return on their savings, sometimes less than 1%, certainly not more than 3.5% on £180,000,000,000 of UNSUSTAINABLE government borrowing; EACH YEAR.

Economists in the "City" will say these are impossible aiming points; I have the temerity to say my figures are easily attainable. The question is: what have we got to lose by trying? The answer is very simple. Nothing!

February 18, 2010 11:32 AM GMT

http://www.timesonline.co.uk/tol/comment/columnists/anatole_kaletsky/article7031192.ece

From The Times, **Leading Article**, February 19, 2010

£122,400,000,000

The scale of public borrowing testifies to a wasted opportunity in the boom years to curb spending. Painful cuts are needed to make public services sustainable

“The National Debt is a very Good Thing and it would be dangerous to pay it off, for fear of Political Economy,” runs the incomparable judgment in *1066 and All That*. There are few other defences remaining for the Government’s fiscal record. The Government borrowed £4.3 billion more than it received in taxes last month. That is the worst January figure since records began. For the first ten months of this financial year, public borrowing amounted to £122.4 billion.

January is the month when taxpayers send in their returns and corporation tax payments are due. Government revenues ought to be strong. In January last year, there was a surplus of £5.3 billion. Yet this year the Treasury had to borrow to balance the books. This represents both a monumental economic failure and a monumental political one. ….

Chris Coles wrote:

There is a much deeper problem here than the actions of a single individual. We only need to watch the difficulties of several other nations, Spain, Greece, Iceland, Ireland, even the United States. Our fiscal problems are echoed all over the planet. What has happened is we have reached a nadir that opens up our viewpoint to enable us to see that many have been on the wrong path for a very long time indeed.

We have to be able to recognise that, whether we like it or not, many of what were the foundations of our market based economy since “Big Bang” have proven to be laid on the soft sand of untested concepts. Much of the blame rests not on political shoulders, but on a wild idea that a nation, any nation, can exist without an income sufficient to pay its way.

To my mind, the rot set in immediately after WW2 when we asked the United States to lend us money, rather than knuckle down and make the best of what we had immediately to hand. That action in turn led to our giving away vital technology and then, again and again, abandoning developments of our own technologists to pave the way to buy what we felt we needed from others. We allowed ourselves to believe we need not invest in industry, and that illusion was further reinforced by the advent of North Sea Oil; a seemingly endless flow of riches that brought all our political masters under its spell.

It is no use expending another second of precious time on looking back; we have too much work to do to bring the great ship, the nation, back on track. We must quickly recognise the need for the encouragement of the innovative and industrious; something that will prove very difficult for many in the “City” who still cling to the past like a drowning dinosaur. In the end, as with any business; cash flow is everything. We need fresh thinking to break through the fog of those past illusions.

February 19, 2010 12:09 AM GMT

http://www.timesonline.co.uk/tol/comment/leading_article/article7032793.ece

From The Times, Letters, February 22, 2010

Arts cash priorities

Small classical music festivals, theatres and galleries have little chance of support from the Arts Council for "mainstream" work

Sir, Alan Davey, chief executive of Arts Council England, is right to point out that ACE supports most of our “mainstream” arts organisations and that support involves many millions of pounds (letter, Feb 18).

However, as he and all his regional CEOs know, it is the medium to small arts organisations and individuals, not regularly funded and needing to apply for a slice of the remaining ACE cake on a project by project basis, which are subject to the more rigorous social criteria and regional priorities re diversity, ethnicity, targeted areas and the like.

These are important aspects of the national cultural delivery and should not be derided, but it cannot be denied that a small classical music festival, a theatre or a gallery has virtually no chance of support for “mainstream” work — whatever its quality, appeal and value.

This is clearly demonstrated by entering the Arts Council England website and viewing the projects that receive the regional funding awards throughout the year.

Michael Follis

Chairman, Chichester Arts and Heritage Partnership

Chris Coles wrote:

I will no doubt upset a lot of people by pointing out the one fact that always seems to be conveniently overlooked by the "Arts" crowd; the title of the Royal Society: "For over 250 years the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA)”

And no doubt even more will be upset by my adding that the next few words they use in the description of the RSA are today, pure, unadulterated cant.

“ has been a cradle of enlightenment thinking and a force for social progress. Our approach is multi-disciplinary, politically independent and combines cutting edge research and policy development with practical action ”

Always, as long as you only talk about the ARTS.

You arts people think you have a hard time? You should all try being a private inventor here in the UK. There is no support at all for “Manufactures and Commerce”.

February 22, 2010 8:09 AM GMT

http://www.timesonline.co.uk/tol/comment/letters/article7035460.ece

From The Times, February 22, 2020

Government acts to soothe foreign investors' fears

Suzy Jagger, Politics & Business Correspondent

Alistair Darling will today move to reassure international businesses that Britain under Labour will not impose surprise tax changes on them.

The Chancellor will publish a draft document entitled Tax Framework for Multinationals, which promises to consult large corporations on new business levies and pledges to ensure that tax legislation does not place firms at a competitive disadvantage or trigger vast amounts of red tape.

While executives will not be able to influence the size of new tax rises, the Treasury is keen that business is consulted over the impact of the levies.

The Treasury is trying to show willingness to be clear about the direction of new and existing business tax policy so that companies emerging from the downturn can plan with more certainty.

Executives including Stephen Ball, the chief executive of Lockheed Martin, the defence firm, and Canning Fok, managing director of Hutchison Whampoa, the property-to-telecoms conglomerate, will today attend a London summit hosted by the Prime Minister and be given the opportunity to address their concerns to the Chancellor during a closed-door discussion period this afternoon.

Both Gordon Brown and Lord Mandelson, the Business Secretary, will deliver speeches at the summit designed to persuade foreign investors to stay in the UK in the face of the introduction of a 50 per cent top rate of tax for those who earn more than £150,000, with the change taking effect in April. Britain is the biggest magnet for overseas business investment after the US.

The Government estimates that foreign investment has created 800,000 jobs in the UK during the past decade. ………

Chris Coles wrote:

Blimey! You think you incomers have a hard time, try being British and having to overcome the bias against new entrants from inside the nation. Today's conference could well be likened to a medieval meeting of the Lords of Commerce, dividing up the spoils. Government boasts 800,000 jobs created, but forgets we are probably another 6,000,000 jobs short of where we need to be to rebalance the economy away from the present feudal economy of "Jobs for the Government's friends and fellow travellers". But then, the very same "advisors" who created the present monster cannot see any other way forward. Give me Strength!

February 22, 2010 8:27 AM GMT

http://business.timesonline.co.uk/tol/business/economics/article7035685.ece

From The Times, Letters, February 20, 2010

Jobless and statistics

How many uncounted people are out there are not claiming unemployment benefit?

Sir, I have been jobless since December, but do not appear in the ONS statistics of "unemployed" (Business, Feb 18). For a flexible, highly-skilled, passionate and driven-to-succeed professional it is a waste of time, energy and expense to attend Jobcentres. They have no knowledge-based economy opportunities for senior white-collar employees. So we use our contacts file, headhunters, newspapers and online job markets tirelessly to find our next position.

How many more uncounted people like me are "out there" trying to find a job and not claiming unemployment benefit?

Fred Wright
Harrogate

Chris Coles wrote:

For the sake of debate, let us assume the numbers stand up and we are short of some 10.5 million jobs. We are always going to have to endure a core of perhaps 1.5 million out of work, so that leaves us with an aiming point of 9 million new jobs to create.

That figure places me in a difficult position; I have set out detailed aiming points for the creation of 6 million new jobs; but I do not know of anyone, anywhere, that has made any similar claim. The aiming points were set out in the Foreword, page 5, The Road Ahead from a Grass Roots Perspective. They show we need to invest, at a rate of 25K per new job created, i.e. some 150 billion, as free enterprise equity capital, and follow that up with another 350 billion of working capital. I then give detailed rules for such investment.

So, for the sake of debate I am asking, through this comment column, The Times to do some detailed research as to who else has set out in detail, any form of proposal, anywhere, to create new jobs on such a scale?

However, I suspect that no one else has done so. Now, it is easy to call me a crank; but what if I can achieve what I say is possible? So, for the purpose of ongoing debate, let us ask the question to both The Times and its readers; what else do we need to do to make such an exercise happen? And, why not try?

February 22, 2010 4:44 PM GMT

http://www.timesonline.co.uk/tol/comment/letters/article7034019.ece

From The Times, Letters, February 23, 2010

Bankers' payouts come from charities

Banks pay charities a fraction of the interest rate available to individuals

Sir,

Those viewing the current spate of large bank profits and bonuses may be interested to know that one of the sources of this wealth is the banks' collective refusal to pay a proper rate of interest on charity money deposited with them. Any treasurer of a small charity, who has sought a reasonable return on funds held, will tell you that banks pay charities a fraction of the interest rate available to individuals, all other terms being equal.

There is no moral justification to this, as money is a commodity, and the identity of the depositor is irrelevant to the use the bank puts the money to. The widespread convention of paying only derisory rates of interest to charities long predates the current banking crisis and general interest rate slump and is a scandal that no one who could influence it seems to be interested. Like many of the policies of the banks, they do it because they can get away with it.

We should all be aware, therefore, that recipients of bonuses and dividends from banks get part of their payout from money that should go to vulnerable members of society, not the banks' employees and owners.

Duncan Heenan
Chairman of Trustees
The Fellowship Trust

Chris Coles wrote:

Then surely the answer is to create more competition by allowing new savings institutions to be formed; perhaps even some that might be targeted at urgent social problems such as new job creation? Local savings used as fresh, free enterprise, equity capital; creating new jobs in your local community - now where did I get that idea?

And, what do you know, that way we can kill two birds with one stone...

So, why not?

February 22, 2010 11:34 PM GMT

http://www.timesonline.co.uk/tol/comment/letters/article7036549.ece

From The Times, February 23, 2010

Spending cuts must be spelt out to save stumbling sterling

Phil McHugh: Opinion? *Phil McHugh is head of corporate trading at Currencies Direct*

As concern grows for the UK's fiscal position, sterling is starting to look like a wounded animal. The severity of the situation was underlined by official figures showing government borrowing at £4.3 billion in January — the first January borrowing on record. It is widely expected that the budget shortfall could exceed £180 billion — just under 13 per cent of GDP — topping even that of Greece. ……

Chris Coles wrote:

Mervyn King, Governor of the Bank of England, recently asserted that the rating is "ours to lose" and that "governments need to have a clear and credible plan for eliminating the structural deficit". Yet there is a distinct lack of clarity and credibility — there is still no explanation of "how".

The answer to the question "How?" is very simple indeed; we need much more tax income from private employment. Yet, conventional wisdom can only see the possibility of raising taxes to resolve the issue. But in fact, the real issue is a need to recognise that the missing element is sufficient private employment. We have nothing like enough well paid private sector jobs; paying enough taxation back into the nation to pay for the basic services we all need.

Instead of addressing the core problem, we have had repeated attempts to try and solve the crisis by creating government inspired employment from spending taxation. But the more anyone tries that route; the tax take quickly proves insufficient, borrowing sets in and the deeper in debt they get. Today, even the United States has taken this route. It is a dead end!

The problem entirely revolves around insufficient private employment. And even Adam Smith knew the answer; job creation is entirely relative to the quantity of capital employed. And the one currency no one talks about today is the most vital; equity capital; the job creation currency.

There is no working mechanism to gather together savings and reinvest them, as new equity capital, under free enterprise terms, back into new private employment; at every level of the nation. Ergo, insufficient tax income combined with unstable national finances. Until everyone faces up to that simple fact; nothing will change. No one will be able to stop the continuing divergence of the various economies including ours here in the UK.

But who has a detailed plan to use local savings, as free enterprise equity capital, to create new jobs in every local community?

February 23, 2010 12:28 AM GMT

http://business.timesonline.co.uk/tol/business/economics/article7037016.ece

From The Times Online, February 23, 2010

Sterling plunges as King warns on money scheme

Ian King, Deputy Business editor

Sterling fell sharply today after Mervyn King, the Governor of the Bank of England, warned that it may be necessary to continue the Bank's asset purchase programme and pressed the Government to reveal its plans to reduce the country's record £178 billion deficit.

In his last appearance before MPs before the general election, Mr King outlined the political challenges facing the economy.

He said: "The crisis has left us facing many serious challenges. Among them are how to reform the international financial system, how to reduce our largest peacetime fiscal deficit, and how to restructure our banking and financial system to prevent another, more serious, crisis in future.

Chris Coles wrote:

Mervyn King, Governor of the Bank of England, is asking for a "clear and credible plan for eliminating the structural deficit".

The answer to the question is very simple; we need much more tax income from private employment. Conventional wisdom can only see the possibility of raising taxes to resolve the issue. But the real issue is that we do not have anything like enough well paid private sector jobs; paying sufficient taxation back into the nation to pay for the basic services we all need.

Instead of addressing that core problem, we have had repeated attempts to try and solve the crisis by creating government inspired employment. But the every time anyone tries that route; the tax take quickly proves insufficient, borrowing sets in and the deeper in debt they get. Now we can all see that that route is a complete dead end!

The problem entirely revolves around insufficient private employment. And even Adam Smith knew the answer; job creation is entirely relative to the quantity of capital employed. And the one currency no one talks about today is the most vital; equity capital; the job creation currency.

There is no working mechanism to gather together savings and reinvest them, as new equity capital, under free enterprise terms, back into new private employment; at every level of the nation. Ergo, insufficient tax income combined with unstable national finances. Until everyone faces up to that simple fact; nothing will change. No one will be able to stop the continuing divergence of the economy

King asks for a clear and credible plan for eliminating the structural deficit. O.K. As The Times readers well know, I have already presented a detailed plan to use local savings, as free enterprise equity capital, to create new jobs in every local community. In which case, the question becomes – Is the Bank of England prepared to support me in establishing what will be a completely private, free enterprise answer to the perceived problem?

February 23, 2010 12:43 PM GMT

http://business.timesonline.co.uk/tol/business/economics/article7037399.ece