

# From The Times

Comments placed on the timesonline web site

By

## Chris Coles

During the period September to end December, 2009

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](http://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](http://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.

Please note: While these are my comments, they do include material taken from The Times web site which I acknowledge relates to Copyright material owned by Times Newspapers and their copyrights as set out in their [standard Terms and Conditions](#).

## **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The first is the central role of savings institutions that have been replaced by banks.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 Times, September 11, 2009

## The man who fuelled Lord Turner's attack on the City

Patrick Hosking

**Paul Woolley is an unlikely revolutionary. With sober suit, silk tie and measured, thoughtful delivery, he looks and sounds like a retired City gent. Which is exactly what he also is. He was a banker with Barings years before that bank's implosion and then founded the London arm of GMO, the American fund management group.**

**Now an academic, Dr Woolley is investing £4 million of his personal fortune to bankroll a London School of Economics unit whose research questions the very purpose of the City and challenges some of its most deep-rooted beliefs.**

**It was Dr Woolley's research that underpinned the explosive assertion last month by Lord Turner of Ecchinswell, chairman of the Financial Services Authority, that some banking was "socially useless", that the City had grown too big and needed to be cut down to size and that its profits and bonuses were excessive.**

Chris Coles wrote:

The problem is simply we are not operating a true free market for 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. Once you permit anyone else, outside of the true marketplace to come between the two parties to the trade to speculate simply for profit made in the trade itself, rather than as a primary producer or user, you open the door to the compete abuse of the free market; where a trade is not made to purchase for actual use, but simply as a way of influencing the price to the final user. If you permit perhaps millions of trades by anyone who is not either the original seller or the final user, you introduce complex distortions to the final market price; that are not predicated by the decisions of either the seller or the final user. The market is thus distorted by speculation. A good example of where these rules must apply is to money loans termed for less than repayment, where it will take, say, 30 years to repay the loan in full, but the rate of interest paid changes downstream of the moment of the sale of the loan; after three or five years, the rate of interest changes to a higher rate; increasing the cost of the money loaned. 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. This is not a free market. (Taken from: The Road Ahead from a Grass Roots perspective)

September 11, 2009 11:28 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6829803.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6829803.ece)

From The Times, September 14, 2009

## **It is time for the G20 to look forward not back**

George Magnus: Economic view

**Leaders of the G20 nations will convene in Pittsburgh on September 24-25, about a year since the world's financial system teetered on the brink of collapse.**

**The global economy went into deep freeze and, at a G8 meeting in mid-October, leaders issued a communiqué in which they said that they were “united in our commitment to fulfil our shared responsibility to resolve the current crisis, strengthen our financial institutions, restore confidence in the financial system and provide a sound economic footing for our citizens and businesses”. One year on, how have they done?**

Chris Coles wrote:

Banks are simply a business lending money to earn a profit for their shareholders and have no recognised duty to anyone other than their shareholders. In past times, they almost entirely concentrated upon delivering the working capital needed to pay for the flow of materials through the normal manufacturing or trading structure of privately owned businesses. It is only recently that they have turned to delivering credit to the general population as a source of profit. To create stable, long term employment, requires that we also have in place a recognised system for delivering equity capital to job creators to permit them to create the new privately owned businesses that are the only way to deliver employment outside of government. The G20 must now turn towards the debate about how we create the savings institutions and rule structures that will deliver equity capital to every level of society as the only recognised, successful, proven method, of delivering a capital based business environment for a capital based society. Banking is in difficulties precisely because there is insufficient equity capital underpinning the local economies of the wider communities of every nation. Banks do not and never will provide that capital. Only a return to savings institutions tasked with a recognised responsibility to deliver, at arms length, equity capital to every strata of society; will deliver a long term solution to the continued instability of banking.

September 14, 2009 11:28 AM BST

<http://business.timesonline.co.uk/tol/business/columnists/article6833211.ece>

From The Times, September 15, 2009

## **Finger-wagging is just not enough, Mr President**

Ian King, Business commentary

**Apparently, during his big speech on financial reform last night, there were audible groans on the floor of the New York Stock Exchange when President Obama said that he had “always been a strong believer in the power of the free market”.**

**This was presumably because that particular element of the President’s audience thinks he is anything but. Applied to their own corner of the US economy, though, why they think as they do is anyone’s guess. One year on from the collapse of Lehmans, it looks to be business as usual on Wall Street, with big bonuses in the offing amid signs that, as Mr Obama said, the lessons of the crisis have been ignored by some.**

**But for all his finger-wagging, for all his promises to undertake serious financial reform, the President has actually done remarkably little so far.**

**Apart from trying to convince Americans that big government bailouts of financial institutions have come to an end, last night’s speech was all about trying to get that process back on track, which is why a key element of Mr Obama’s plans — a new consumer protection agency to oversee financial products such as mortgages and personal loans — was again flagged.**

**Yet the measure looks some way from ever reaching the statute book due to a formidable lobbying effort by the financial services industry.**

Chris Coles wrote:

Wall Street needs simply to be required to work to the same rules of sale as everyone else in a free market. In every other area of trade no one expects the organisation that has sold you something, a vehicle for example, to arrive on your doorstep several years later and ask for new terms for the sale. You go out and buy a refrigerator and at the moment of sale, it becomes your sole property. No one from the store arrives three years afterwards and asks for more money. If they did, you would think they were mad. But in finance, we have allowed, (or should I say, government has allowed), financial institutions of all sorts, to do exactly what we never allow in any other circumstance; to change the deal downstream of the sale of the product. A good example being a mortgage for the purchase of a home for your family where several years after the agreed sale, the financial institution can come back and change the deal to suit their present failure to control their own internal costs by asking for more income from that sale of the mortgage. All the Obama team has to do is pass a law that you cannot change the deal downstream from the point of sale and almost all of the financial instabilities within the wider society, presently caused by our financial institutions will disappear.

September 15, 2009 9:33 AM BST

<http://business.timesonline.co.uk/tol/business/economics/article6834539.ece>

From Times Online, September 16, 2009

## **Record one in five young people out of work**

Elizabeth Judge

**The number of young people out of work hit a record 947,000 in July as total unemployment in Britain hit 2.47 million.**

**Official data today showed that the number of jobless 16 to 24-year-olds jumped by nearly 60,000 in the three months to July to the highest level since 1992, when records began.**

**That figure translates to a record 19.7 per cent - also the highest since records began - meaning that one in five people in that age bracket is looking for work.**

**The data provides the latest evidence of the brutal effect that the recession is having on young people, adding weight to calls from charities and business groups for more help to prevent the creation of a "lost generation" of jobless youth**

**Paul Kenny, general secretary of the GMB union, said: "More workers, particularly young workers, are paying a devastating price for the bankers' recession."**

**Martina Milburn, chief executive of the Prince's Trust, the youth charity, said: "We must act now to stop young people falling out of the system. Only by doing so can we stop the unemployed becoming the unemployable."**

Chris Coles wrote:

"However, both warned that, following the emergence from recession, a period of stagnation could follow." If we were describing a pool of water rather than unemployed, we would expect that the stagnation could easily be overcome by the injection of Oxygen into the water. But we are talking about something that keeps occurring, unemployment of significant numbers of the citizens of the nation, so OK, what do we inject into this that will clean out the stagnation? Government hand outs have not worked in the past. Spending taxation to increase employment can only work over the short term because to pay for the tax we need as many as possible working outside of government tax spending to create the tax in the first place; so that has not worked either. We have tried allowing the retail banking system to ramp up inflationary lending to consumers, but in the end, that also leads to tears. So what brought us to this point of decision? If we take a look beyond the last few decades, once upon a time, we were a very prosperous nation; arguably responsible for what was previously described as The Industrial Revolution. But that was built upon the investment of equity capital into industry; moreover, industry that led the world in new adventures for all their employees. The United Kingdom once led the world in the investment of equity capital into new industry. So, why not give that one more try? Why not try injecting some new savings, as local equity capital into new, local, private, industry; as a cure for the period of stagnation? What on Earth have we got to lose by trying something that once made this nation; Great?

September 16, 2009 11:22 AM BST

<http://business.timesonline.co.uk/tol/business/economics/article6836570.ece>

From The Times, September 17, 2009

## **One in five young people out of work as jobless total surges**

Ian King and Elizabeth Judge

**One in five of Britain's young people is now jobless, official figures showed yesterday, as total unemployment reached its highest level for 14 years. In the three months to July, the total of unemployed people aged 16 to 24 rose by nearly 60,000, to 947,000, the biggest jump since 1992. Their jobless rate is now 19.7 per cent.**

**The total UK jobless figure for the three months rose by 210,000 to 2.47 million, the highest total since May 1995. The official unemployment rate is now 7.9 per cent. Those claiming unemployment benefit in August reached 1.61 million, up 24,400 from July and 693,700 ahead of August last year. Of these, 483,200 — nearly one in three — were aged 16 to 24.**

**News that youth unemployment was continuing to rise sharply was greeted with concern by both employers and unions. Katja Hall, the CBI's director of employment policy, said: "The rising level of youth unemployment is alarming and we cannot afford to lose a generation of young people.**

Chris Coles wrote:

We have to get this into perspective and at first sight, this will seem counterintuitive; the problem is not about the lack of jobs, it is about a system that has been created that automatically reduces job creation. Your savings were once immediately invested into the creation of new industry and thus new jobs. But today we have a system that takes the savings and uses them to buy and sell existing companies, (called mergers and acquisitions, M&A), and at every stage the remit is to reduce costs, (to pay for the increased costs imposed by the M&A), and thus at every stage, to reduce the number of people employed. In a very real sense, financial institutions have been removing the "hidden" prosperity of the savers throughout the nation, (that can pay for the products we all need), to instead, pay for the M&A. Over a period of decades, prosperity has reduced as also employment; specifically to keep costs to a minimum for the financial institutions. What we need are financial institutions that will recognise their responsibility to take the savings of the nation and invest them directly into new employment, rather than M&A. But that in turn will require a complete change of direction of thinking; from savings used for the benefit of the institutions to savings used for the benefit of the savers communities. Until the need for such a change of direction is recognised, nothing will stop the ongoing erosion of everything we previously took for granted; when jobs were plentiful and well paid. Our children have every right to expect the financial institutions and government to bring about the conditions for the proper capitalisation of employment in each and every local community. Until they do that, jobs are always going to be hard to find and often grossly undervalued.

September 17, 2009 11:34 AM BST

<http://business.timesonline.co.uk/tol/business/economics/article6837592.ece>

From Times Online, September 18, 2009

## Public sector borrowing highest on record

Robin Pagnamenta

**The dire state of Britain's public finances were laid bare today as the Government unveiled new figures that showed public sector net borrowing swelled by a record £16.1 billion in August. It was the largest increase in the amount of new debt held by the UK Government since records began.**

**With the recession continuing to eat into government tax receipts, the Office for National Statistics said that public sector net borrowing hit £16.1 billion, up from £9.8 billion a year ago.**

**The figures will deal a further blow to Chancellor Alistair Darling's hopes of restoring order to the nation's finances.**

Chris Coles Wrote:

If there is one thing that continues to intrigue me, it is the heavy emphasis upon borrowing and no mention anywhere about increasing tax revenues. The immediate answer is obvious; no one will pay the increased tax. But take a look at how many are not paying tax today and why not. Again and again, we hear government talking about spending to create a better economy when what they are in fact saying is we have insufficient tax revenue and we are thus spending borrowed money to prevent the ongoing collapse of the economy. The government keeps talking about the need to spend to create new employment. No one, especially no one from HM Treasury; is talking about how we break out of this obvious "Catch 22"; insufficient tax income coming in, too much borrowing to replace insufficient tax income coming in. What is it about creating new employment to create new tax income that HM Treasury does not understand? They are supposed to sit at the pinnacle of the nations financial structure, yet they show not one jot of understanding of how to break out of their dilemma; how to change direction and increase tax income while reducing borrowings. Perhaps they have become borrowing junkies unable to stop and so convinced that borrowing is the only way out, they have neither the wit nor aptitude to change direction. Certainly, the City is as hooked on lending to government as government is upon borrowing, so we do not see anyone in the "City" showing any real enthusiasm for a change of direction either. Why should they? They are no more than the same as a Whisky shop selling Whisky to an alcoholic. There is money to be made from the trade and why stop? Well someone has to show the courage to take HM Treasury away from borrowing and dry them out and the only way to do that is to show that it is, after all, possible to create tax income without increasing taxation. The way we always used to; by investing equity capital into each and every local community to create new jobs. Not tax income jobs, not new Regional Development Agencies and the like that simply play at paper chases. No, instead, into new manufacturing industry and local employment initiatives led by the job creators themselves. And that brings us to the obvious answer, we not only need a new government, we need new blood in HM Treasury too. Why? - Because we do not have time to wait for the present incumbents to "Dry Out"; as simple as that.

<http://business.timesonline.co.uk/tol/business/economics/article6839660.ece>



From The Times, **Leading Article**, September 19, 2009

## **Fainting by numbers**

***New figures on government debt show the landscape is rockier than we imagined***

**Just when you were starting to worry that Britain's finances were beginning to look precarious, along come a fresh batch of Treasury statistics to show you that, in actual fact, government finances are already well beyond disastrous.**

**Treasury documents leaked to the Conservatives this week dramatically redefined the economic landscape and the political possibilities for whoever is running Britain next year. The documents suggest that Britain is in as perilous a financial state as any since the Labour Government went cap in hand to the IMF 30 years ago.**

**At their starkest, the sums provoke the sort of scream of terror that even Edvard Munch would have struggled fully to capture.**

Chris Coles wrote:

It takes real strength of mind to stop borrowing money when you cannot continue. It marks the difference between those who go bankrupt and those who survive and come out of the experience with an increased respect for themselves and a much better ability to move forward when events turn in a positive direction. As with anyone else, we do not have to continue to borrow. We could, and should; call an immediate halt and stop borrowing. If there is one thing that a strong bank manager is very good at, it is bringing reality to bear upon the profligate spender. We do not need a supportive figure to come forward with platitudes and a friendly arm around the shoulder of HM Treasury; we need someone to call a halt. Period. Cut the credit cards in half. Yes, in public where everyone can watch. But who has the courage to do what must be done?

September 19, 2009 9:15 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6840600.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6840600.ece)

From The Sunday Times, **Leading Article**, September 20, 2009

## **Rejoice! All parties dare to use the C-word**

**All of a sudden every politician from every party wants to tell us how much they will cut public spending. The oath of silence about chopping Britain's bloated state to size has been broken and replaced by a maelstrom of words, as if the political classes had been gripped by Tourette's syndrome and a desire to use the "c-word".**

**Gordon Brown started it by telling the trade unions that he would be seeking cuts in "costs, inefficiencies, unnecessary programmes and lower-priority budgets". The next day, thanks to a devastating Treasury leak to the Tories, the true scale of Labour's plans and the prime minister's earlier hypocrisy was revealed. Those plans are for a 9.3% real-terms cut in departmental spending over four years from next April. ....**

Chris Coles wrote:

We need to look back to find the road forward. We no longer enjoy the riches gathered from a Century or more of colonisation across the planet, yet our Establishment still demonstrates a mindset that tries to emulate the lifestyle of past ages. Today we are a bankrupt nation; sliding backwards into a financial black hole of gargantuan proportions. Yes, on the face of it, the only thing preventing the complete collapse of the economy is the spending power of the employees of the executive branch of government; all of which are paid from borrowed money from the money markets plus a contribution from re-cycled taxation of taxation spent on their employment. Our Establishment is not the source of new tax income for the nation; instead, it is the efforts of privately held employers in the nation that used to provide that function in times past. That income absolutely depends upon the efforts, not of government, nor the Establishment; but of the philosophy of the financial institutions. But for a long time now, we have allowed those institutions to ignore their long term responsibilities; mostly by the Establishment using the process of borrowing from them to cover up the lost colonial income. Recognising that fact shows us that there are two components to this problem; we have to stop borrowing and we need to change the underlying philosophy of the financial institutions away from lending to government and back to driving the savings of the nation, (not taxation, not borrowings), but savings, back into productive, privately owned employment; in each and every local community. That is the only road that will bring us back to long term stability.

September 20, 2009 10:51 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6841360.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6841360.ece)

I am going to add a comment of my own here. This has to be unprecedented. I have had this comment placed alongside the primary Leading Article of The Sunday Times. That in turn places my contribution to the debate as being at least as valuable as the Editor of that august newspaper. The delay between posting and it turning up was but a few minutes. It is as though they now wait for me to post. Quite an achievement for anyone! But look back a single page and The Times, Saturday, also gave me that honour. We are making history.

And I don't earn a penny from it.....

From The Sunday Times, September 20, 2009

## **Obama stumped by Israel as all world's problems arrive**

Israeli Prime Minister Benjamin Netanyahu (L) listens as U.S. President Barack Obama speaks in the White House

Christina Lamb in Washington and Uzi Mahnaimi in Tel Aviv

**IT was supposed to be the week President Barack Obama saved the world. More than 100 heads of state are preparing to descend on New York for talks on halting climate change, promoting nuclear disarmament, defeating terrorism in Pakistan and tackling poverty in sub-Saharan Africa — all before a G20 meeting in Pittsburgh on Friday aimed at reaching agreements on global financial regulation and curbing bankers' bonuses.**

**The headline-grabber was expected to be the relaunch of the stalled Middle East peace process, to be followed a week later by America's first direct talks with Iran since the Islamic revolution in 1979.**

**Instead, attempts to revive talks between Israelis and Palestinians, the cornerstone of the administration's foreign policy, have failed so far. Western diplomats say it will take all the president's considerable charisma to revive them. ....**

Chris Coles wrote:

The debate must return to the establishment of the rule of International Law as being paramount. No other solution will hold any legitimacy. Israel has brazenly refused to accept the rule of the law for decades. Asking it to slow down building upon occupied land, rather than accept the rule of the law is surely aiding and abetting unlawful activity and should be seen, under strict rules of ethics in law as placing the United States Ultra Vires, outside of the law and thus unlawful itself. That such a negotiating stance places the United States into a position of being complicit in acting against the rule of International Law. If they start from this viewpoint, they can immediately see that continuing to support such a legal position has no merit and thus also to continue to support Israel financially also aids and abets actions designed to abrogate respect for the rule of the law. For much too long now, the United States has parsed their international responsibilities by allowing their misguided foreign policy to overrule the rule of the law. It is time for The United States Department of Justice to step forward and claim the high ground and return them to a position of respect in the wider World that does respect the rule of the law.

September 20, 2009 11:20 AM BST

Another contributor then posted a comment, saying that this was nothing more than a storm in a teacup and so I also posted this additional post which, again, went up immediately. It was the final readers comment accepted for this report.

Chris Coles wrote:

Taken off the UN web page for the Sixty-third General Assembly, Fourth Committee 21st Meeting (PM), November 4, 2008 titled: "Israel's 'enormous web of unlawful practices' devastating Palestinian society" - Anyone calling this a storm in a teacup is, with the very greatest of respects; living in fantasy land.

"Even under the aegis of a peace process, Israel continued to breach all human rights standards; killing, injuring, imprisoning, displacing and collectively punishing Palestinian civilians with impunity, she said. The humanitarian suffering inflicted on the Palestinian people also included destruction of their homes, property, infrastructure and land. Israel simultaneously continued its unlawful colonization campaign; building and expanding settlements, the wall, bypass roads, and checkpoints in the Occupied Palestinian Territory, including East Jerusalem — all aimed at altering the Territory's character, status and demographic composition, entrenching its presence on the land and advancing its expansionist agenda. She said that Israel had relentlessly pursued a two-dimensional policy for decades, namely the brutalization and oppression of the Palestinian people and the confiscation and colonization of the land. Those policies had involved an "enormous web of unlawful practices" that entailed gross and systematic human rights violations, many of which amounted to war crimes, causing severe devastation and damage to Palestinian society. During the reporting period, occupying forces used excessive and indiscriminate force against civilians through extrajudicial killings, violent military attacks and destruction of homes, with hundreds injured and 68 children killed in the first six months of this year. The rights of life, liberty and personal security were also violated by armed, extremist Israeli settlers illegally transferring to the Occupied Territory, she said, adding that they perpetrated acts of violence, harassment, intimidation and terror against Pa

September 21, 2009 6:24 PM BST

[http://www.timesonline.co.uk/tol/news/world/us\\_and\\_america/article6841332.ece](http://www.timesonline.co.uk/tol/news/world/us_and_america/article6841332.ece)

From The Times, September 21, 2009

## **Economic policymakers should sit tight until 2011**

### ***The Obama Administration's hopes of legislating a second fiscal stimulus next year have been thwarted by opinion polls***

Anatole Kaletsky: Economic view

**A year has passed since the bankruptcy of Lehman Brothers and the even more catastrophic public policy failure exactly a week later, when Henry Paulson, President Bush's Treasury Secretary, peremptorily demanded a \$700 billion bank bailout from Congress. It was Mr Paulson's testimony before the Senate on September 23, to explain what he would do with this money, that turned the crisis into a previously unimaginable nightmare, by revealing that the man supposedly in charge of the world's most important economy literally did not know what he was talking about.**

**Astonishingly, we can now see with hindsight that this nightmare phase of the crisis actually lasted only three weeks. The weekend of October 10-12 was when Gordon Brown, to his enormous credit, took control of the situation from the crumbling Bush Administration. That weekend he led other European governments in offering to recapitalise the banks and effectively guaranteeing all bank liabilities with the full faith and credit of their nations. ....**

Chris Coles wrote:

What is really worrying about this article from Kaletsky is the complete failure to recognise that the unimaginable nightmare was not something that simply occurred during a three week period; it has continued unabated. Earlier this year, in May, questions were asked, in public, of the official responsible for an audit of the Federal Reserve that clearly demonstrated; no one has any idea of what has happened, not to a mere \$700 million, but to several billion or more since. That silence has in turn created a Bill in the House, H.R. 1207, specifically asking for such an audit. Turning to the suggestion that everything can continue as though nothing really untoward has happened and that the financial system can be permitted to return, albeit slowly, back to the same paradigm as before; has to be seen as perhaps the most irresponsible suggestion imaginable. All he shows us is the desperate need for not only politics and the banks to recognise the need for change, but the underlying economic thinking has to also get on message. The game is over; finished. What follows requires completely new thinking and a return to what has been seen, recently, as very old fashioned ideas. Like; long term investment of savings. Gosh! Unheard of today, Savings Institutions! Responsibility! The City once stood for the very highest standards of service to the nation but today its economic leaders wish to continue with policies that were only out of alignment for a mere three weeks? Give me Strength!

September 21, 2009 11:27 AM BST

<http://business.timesonline.co.uk/tol/business/columnists/article6841986.ece>

From The Times, September 22, 2009

## **No sign of rush to claim pension gold in 2012**

David Wighton, Business Editor's Commentary

**The infrastructure for the 2012 Olympic Games is rapidly taking shape in East London. Concrete is being poured, bricks are being laid, timetables are being finalised. The infrastructure for the great UK pension reform of 2012 — which is due to go live just a few weeks after the athletes have left town — is far less advanced. No one has a clue how it will operate and preparations have been few.**

**The legacy from the pensions revamp could be a lot more profound and valuable than the over-hyped PE fest in Stratford. When Usain Bolt's plimsolls are gathering cobwebs and weeds are sprouting from the stadium, millions of low-to-moderate earners could be facing retirement with a bit more of a nest-egg, a bit more certainty and a bit less dread.**

**Yet the proposed reforms have stirred zero public interest while still managing to puzzle, infuriate and exasperate the pensions and investment industry. ....**

Chris Coles wrote:

The Big Bang of financial services was founded upon the idea that the best investment was a paper asset, already inflated from the original value, a penny share now worth £'s, that would inevitably continue to increase in value. Upon that premise was built a feudal mercantile monster, with everyone taking a skim off the top of the savers money prior to investment. The perceived increase in values; other than the original penny invested; were imaginary. So the first principle must be the savers investment should always be into the base issued share value, the original penny, with no costs other than the stock brokers "turn". From that starting point, we can see nearly every penny of savings will go straight into investment into the economy. Next we have to accept that in times past, the investor bought shares which they held themselves and from which they directly received the dividends from the companies. Historically, that was always in the region of an 8% return. That is classic capitalism. I long ago set out new rules, (The Road Ahead from a Grass Roots Perspective), to create a new capital marketplace which will be charged with diverting sufficient new equity capital, from the Nations savings, into job creation, to ensure that a stable small business sector is created and nurtured for the future. The investment involved will at all times be relative to the jobs created. Thus this will create an investment flow rate which is naturally regulated by the availability of potential employees. As each and every new business set up under these rules will be adequately capitalised, there will no longer be any reason to expect that instability from equity shortfall will be a factor in the future economy. The local individual, saving for the future, will thereafter see that his savings are integral to the success of the local economy. They will have a vested interest in that local success with a clear link between their work ethic and the use of their savings.

September 22, 2009 10:13 AM BST

<http://business.timesonline.co.uk/tol/business/columnists/article6843610.ece>

From The Times, September 22, 2009

## **G20 to give regulators power to curb bank bonuses**

Francis Elliott, Deputy Political Editor

**Regulators around the world will be handed new powers to limit the share of profits that banks can spend on bonuses under a compromise deal to be tabled in Pittsburgh this week at the G20 meeting of leaders of the largest economies.**

**Britain is warming to the proposal on the grounds that it will help financial institutions to divert more cash into building capital reserves.**

**This month Gordon Brown blocked a proposal by President Sarkozy of France to cap individual bonuses, arguing that it would be unenforceable. However, the Prime Minister is supporting a compromise solution to set a maximum percentage of profits that banks and other financial institutions can spend on bonuses.**

**The details are being finalised by the Financial Stability Board, which was established at the London G20 in April, and will be presented at the Pittsburgh summit on Friday. Three new pan-European supervisory bodies, which would be responsible for the day-to-day supervision and enforcement of the common rulebook, are proposed. ....**

Chris Coles wrote:

In a very real sense, this is like the classic fairy tale; "Once upon a time"... we used to have two separate groups involved with investment. Stock Brokers who would buy and sell shares to anyone with sufficient spare income and Bond markets, where anyone could buy or sell Bonds, paper money used for major investment schemes. The saver went to the stock broker and bought shares, or bonds and the only ongoing cost was the stock brokers "turn". Much more importantly, all the ongoing dividend income from the stock or bond went, from that point forward, directly to the saver. That is classic capitalism. Moreover, we need to remember that classic capitalism built this nation into a world leader and the period became known world wide as The Industrial Revolution. We were, at that time, a World leader in the supply of new products to the planet. What went wrong? Big Bang went wrong. The financial services revolution, Big Bang, was built upon the idea that savers placed their money into "funds" held for them. At every movement of the savers money, the "funds" and their employees, or other intermediaries, skimmed off a proportion of the savings which, eventually, came to be seen as a right. The institutions and their employees came to believe that they had a "Right" to take as much as they thought their services were worth and called them "bonuses". Bonuses have now reached such gargantuan proportions as to be seen as nothing more than theft from the true owners of the savings, the people of the nation. That is the underlying problem. What we have today is nothing like classic capitalism, but a weird form of a feudal mercantile economy that bears no resemblance at all to classic capitalism. Until that simple fact is fully taken on board and the compass of the ship of state AND CITY is returned to the old fashioned principles that built the reputation of this once fine nation; nothing will change.

September 22, 2009 10:47 AM BST

And then someone else comes forward to comment on my post here and so I sit down and write a response which goes up again in minutes.

Chris Coles wrote:

Steven Bookbinder wrote: "Mr. Coles, please do not mistake classic capitalism with classic innovation & technology. Whether its energy, medical, construction or transport, innovation the real building block to power. Money is just the cement/glue"

I could not agree more, so go and read The Road Ahead from a Grass Roots Perspective. Also see my comment on another of today's reports titled: No sign of rush to claim pension gold in 2012 by David Wighton, Business Editor's Commentary.

The next time you walk down any High Street in the nation, try and find the shop that will provide you with the equity capital you will need to create something new. Go on, try. It does not exist. Yes, you may come back and say "I have got some, so why not you?" My answer is to tell you a little story. I am an inventor; have a new form of motor filed as a patent. Go take a look, it is published GB 2447526 But it would appear that I have filed for something that the Patent Office could not cite a single document against. Good you might say. But the record will show that because it is new and different, no one wants to have anything to do with it. I filed for a full examination in May but they still have not delivered a full search. Yes, the very people that are supposed to fulfil the back up for completely new thinking cannot in fact deal with the very thing they are there to process. It makes no sense, why? Because it is something new and untried and they simply cannot cope with it. To make a start and to overcome the inherent dislike for something new, I am proposing that the only individual that makes the decision to invest in any new employment is the job creator themselves. If you leave the decisions to existing, fixed minds; all you get is rigid thinking. And yes, I am completely unfunded. No way of being able to fund any development. New idea, no one to say it will work, no funding, man is stupid, new idea, must be a "CRANK" says it all!

September 22, 2009 3:23 PM BST

<http://business.timesonline.co.uk/tol/business/economics/article6843587.ece>



From The Times, September 21, 2009

## **Supreme Court will give a peep into the land of the obscure**

Francis Gibb: Commentary

**It is a supreme irony that two of the first cases before the new Supreme Court will be veiled in secrecy — for its main selling point was that it would enable justice to be seen to be done.**

**The highest court in the land will emerge from its hidden corridor in the recesses of the House of Lords and take its place in a newly refurbished building in Parliament Square full of plate glass to bring light on the proceedings.**

**People will be able to find it and they will be able to watch the justices at work. As Lord Phillips of Worth Matravers, the court's President, put it earlier this year: "The public will be welcomed and justice will be seen to be done very much more easily than it is at the moment."**

**The public may be welcome but will they see justice done? People will find it hard to make head or tail of some of these cases: in the appeal brought by the former M15 officer, no one can know who he is or what he wants to disclose. And if the Court of Appeal ruling on his case is upheld, his appeal over the right to publish will be heard in secret — with no reasons given**

**The public may be getting a new insight into the judicial system at work. But that insight will show a system that can still be as obscure and impenetrable as ever.**

Chris Coles wrote:

The United States Supreme Court is approachable by anyone. They have clear, open rules available in a simple booklet and the cost of a petition is simply the cost of the paper, binding and postage. All the Petitions are available for download on their public web site. Any accepted are listed and in due course are eventually determined. The entire process is open and easily understandable by anyone. My understanding of the UK Law Lords is that was a system only available via contact with the most expensive lawyers in the nation and was an extremely expensive exercise to even try and approach them. Is the new, Supreme Court here in the UK going to follow old practises; or, is it going to change to become open to anyone on the same lines as the US Supreme Court? I see no mention of any debate on that question and ask, through this comment, The Times to elaborate.

September 23, 2009 10:01 AM BST

<http://www.timesonline.co.uk/tol/news/uk/article6842016.ece>

From The Times, September 23, 2009

## **FSA chairman in fresh attack on City traders who ‘cooked up’ crisis**

Patrick Hosking, Financial Editor

**Lord Turner of Ecchinswell, chairman of the Financial Services Authority (FSA), turned on his critics last night, launching a ferocious attack on some in the City for their lack of contrition and their refusal to recognise the need for radical change.**

**Just weeks after provoking a storm with his charge that some banking was “socially useless”, Lord Turner went on the offensive again, saying that the financial crisis was “cooked up” by City dealers paid bonuses equal to a lifetime’s earnings for the victims of the recession they caused.**

**Bankers needed to reflect on their role in triggering a recession that had led to hundreds of thousands of Britons losing their jobs and tens of thousands losing their homes, he said. Taxes would rise or public services would be cut because of the crisis, he added. ....**

Chris Coles wrote:

Before financial markets were established, it was difficult for anyone to be able to buy and sell outside of local auction markets which still exist and are well regulated and remain very successful. We see this with TV programs like Bargain Hunt. But imagine Bargain Hunt where, instead of a steady stream of objects being sold, one at a time in front of the general public, you have rooms full of traders buying and selling numbers on a screen, often using computer programs to speed up the process; millions of times a day. Reports in the likes of Institutional Investor tell us that these trades now reach astronomical proportions. But where is the public auctioneer? Where do we see the rules of the public auction being used to regulate these “new” markets? Whose money are they using? Certainly not their own and certainly not their own personal capital invested as with any other trading business. For that reason, they can afford to lose every penny and not go bankrupt. They argue the assets they trade increase in value and they earn the bonuses they pay themselves from the use of the nation’s savings. The cure is very simple indeed. Starting with a very simple rule; “They” do not own the savings of the nation. All trades must always be to the rules of a true free market where no one may attempt to control any transaction beyond the moment of the sale. They should only use their own personal or corporate capital to so speculate on their or their financial institutions behalf. Each trade should be by either a legitimate owner of, or a legitimate purchaser of whatever is traded. Just impose ordinary, well regulated, well understood rules for a public auction; and the whole thing will return to normal business standards. Beyond that, we need to replace tax income from speculation with a return to tax income from a capital based society investing the savings of the nation directly into productive employment of the people for the people’s prosperity.

September 23, 2009 11:50 AM BST

The Times left my comment up as the last one for some three hours and then put this one up to which I have responded and they once again, put that up within minutes.

James C wrote:

Lord Turner could do more damage to the UK than this current Labour government has. What does the UK have, if it doesn't have financial services? Not a lot.

September 23, 2009 2:52 PM BST

Chris Coles wrote:

James C wrote: "What does the UK have, if it doesn't have financial services? Not a lot."

The great illusion perpetrated by the financial services industry over the last few decades; is that the only road to a steady income for the nation is through buying and selling money and imaginary value paper assets. The illusion is to believe that, because you discovered a way to make money, there is nothing else that can. But in saying that, they demonstrate they do not understand the concept of being industrious. By that, I mean doing something useful that employs – you, people around you, and your local community. If we believe the above statement, "Not a lot", then the "City" believes the rest of the nation can be left to do, what? Come on, sit around and do what? For goodness sake, what is a nation, if it sits around and does nothing? No youngster ever has to bring a fresh idea to fruition, start a new thread of thought or doing... anything, ever again. No bright spark with a new idea. Forget it the "City" says... we do not need you, we can do it all. By now, I would hazard a guess that something like a spark of recognition is beginning to surface... well, we did not mean you all to sit around to do nothing. But, well...??? Perhaps the most foolish idea anyone ever had was to believe that suddenly, we could export every job, every skill, every opportunity to employ, everyone, other than the "City" bankers, for that is what you mean when you say "Not a lot". There are many in this fine nation who, given the chance and the access to the equity capital needed, will confound the "City" by actually getting up off their butts and doing... anything. What that statement shows is that the "City" has not the foggiest idea that a nation of connected communities must be, must be, industriously employed to prosper and particularly, they have no recognition; none whatever, of their responsibility to do everything they can to help the rest of the nation to do that.

September 23, 2009 4:03 PM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6845124.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6845124.ece)

From The Times, September 24, 2009

## Russia says it will join sanctions against Iran

Catherine Philp in New York

**President Obama's biggest foreign policy gamble appeared to pay off last night as Russia opened the door to punishing new sanctions on Iran to halt its nuclear programme.**

**Emerging from his first meeting with Mr Obama since the Eastern Europe missile shield was scrapped, President Medvedev of Russia conceded that "in some cases, sanctions are inevitable".**

**Mr Obama went into the meeting, on the sidelines of the United Nations General Assembly, ready to press Russia to support sanctions if Iran refused to address concerns about its nuclear activities. He emerged saying that Mr Medvedev had agreed that "serious additional sanctions" must be considered if diplomatic efforts fail. ....**

Chris Coles wrote:

To understand Iran, I suggest everyone sit down and watch a movie, *Offside*, starring Sima Mobarak Shahi and other, very largely young actors. Iran is unstable in a way we have not seen before, historically. The young are either bewildered by the oppression, as shown by the actors representing religious police, or are very well aware of everyone else's right to freedoms they do not themselves possess. My instincts tell me the way forward with Iran is to find ways of continuing to educate the young people of Iran about the freedoms we take for granted. Attacking the wider nation, as a nation, attacks every age group and will serve us no useful purpose. Turning to Russia, I can only express my view that they are showing us they have a very good understanding of their strengths and that they have every intention of playing out their foreign policy to those strengths. I believe that Obama fully recognises that and is wisely adjusting his thinking accordingly. Perhaps, now, he has to show the world that he can demonstrate control over Israel as the best way forward to considered negotiations with Iran, just as he has had to roll back a missile defence system to show willingness to recognise the concerns of Russia. But foreign policy based upon relating to the posturing of a fool like Ahmadinejad, who believes power comes from imprisoning and torturing his critics within his own nation; will ultimately be shown to be a complete waste of time and energy. If he will not listen to his critics within his own nation; how do you expect him to listen to anything we can say from outside Iran? But those young people, educated, wise, in ways the United States should remember their own young were wise; just a half century ago – are the leaders of Iran in the future. Bombing them or giving them a hard time makes no sense at all. Obama and his team should remember Kent State University; the solution there is the same for Iran; it is the wiser viewpoint that must prevail.

September 24, 2009 9:01 AM BST

[http://www.timesonline.co.uk/tol/news/world/us\\_and\\_americas/article6846837.ece](http://www.timesonline.co.uk/tol/news/world/us_and_americas/article6846837.ece)

From The Times, September 25, 2009

## When it's going well, start worrying

David Wighton: Business Editor's Commentary

**Remember all those dire warnings about the risk of a stock market correction in September, the cruellest month in the financial calendar? We are not quite through it yet, but with four more trading days to go, the FTSE 100 is up another 4 per cent. So much for history.**

**Not that having escaped the correction in September means we will do so in October — another month which will live in infamy for investors. On the contrary, the risks look considerably higher.**

**In the latest unnerving sign, even the bulls at Barclays Capital are getting more cautious. BarCap has been urging investors to fill their boots since the market bottomed in March. It has been much more optimistic about the chances of a V-shaped global economic recovery than most forecasters and has been largely vindicated. ....**

Chris Coles wrote:

A Year ago the financial services industry was on its knees world wide. Many major banks were bankrupt. The problem revolved around the credibility of the entire banking system. Interbank lending stopped and many ordinary trading businesses, particularly those loaded with, shall we say, imprudent borrowings, went bankrupt. Beyond the bank counter, we watched many more, otherwise sound businesses; cease to trade, or, to survive, reduce their overhead in the logical fashion by drastically reducing head count. Huge sums of money, under the Bernanke doctrine, were "Helicoptered" into the smoking black hole where the industry once stood in measured lawns. The Anglo Saxon financial service industry was not built upon the same foundations as, for example, the German economy, (with equity investments into a vast raft of small and medium sized local, German businesses); it was built upon the idea that you make money by buying and selling, "trading", the perceived value of the shares of listed companies that trade globally. So the money helicoptered in was not then re-invested back into local equity investment to support any local economy; it was used to replace the damaged credit of the "traders" who, knowing no other way to, turned back to "trading". The answer to the question posed is to look around and count the unemployed, or empty shop premises, or ask the man or woman in the street if they have plans to return to spending their easy credit? Not a single penny of the Bernanke doctrine money has been used beyond the confines of the financial services industry. It has been used to boost "trading" to previous levels and to pay for all the bonuses earned from such. In which case, it takes little imagination to be able to see that the entire edifice is built upon the softest sand imaginable; the imaginary value of what has become known as Vapourware. What is it they say? The value of stocks may go down as well as up! Don't hold your breath.

September 25, 2009 8:32 AM BST

<http://www.timesonline.co.uk/tol/comment/columnists/article6848277.ece>

From The Times, September 25, 2009

## **Waitrose seals deal with Boots as it makes move on convenience market**

***Waitrose said there is potential to open up to 300 convenience stores, boosted by 2,000 outlets owned by Boots***

Marcus Leroux, Retail Correspondent

**Waitrose is aiming to double the number of its grocery stores by making a push into the convenience market, the company revealed yesterday. Its food will go on sale in Boots as part of the plan.**

**The employee-owned retailer said there is potential to open up to 300 convenience stores. This would be boosted by the huge store portfolio of more than 2,000 outlets owned by Boots. In return, Boots' health products will be sold by Waitrose.**

**Boots, a subsidiary of Alliance Boots, the private equity-controlled company, is believed to be seeking ways of putting distance between itself and the major supermarkets. They have been allowed to sell a wider range of pharmaceuticals under recent deregulation.**

**Waitrose also plans to roll out its motorway service station partnership with Welcome Break to a further nine locations. ....**

Chris Coles wrote:

Today, we live in a feudal mercantile economy. Eventually, all our retail trade will employ a mere handful of directors and a few hundred managers and no one will be able to compete with them. The executive government likes this as it gives them guaranteed tax income and ends the days that led one of their leaders to once comment "The self employed are the scum that floats upon the surface of society". We are right to be concerned, but I fear no one in power wants to listen.

September 25, 2009 9:51 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/retailing/article6848281.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/retailing/article6848281.ece)

From The Sunday Times, September 27, 2009

## Bank of England defends Mervyn King

David Smith

**MERVYN KING is not trying to talk down the pound, say Bank of England sources, who insist that the currency markets have misinterpreted the governor's comments.**

**Sterling dropped below €1.09 and \$1.60 on Friday, its lowest for nearly six months and four months respectively.**

**Currency traders attributed the weakness to a Bank bulletin last week which suggested that the pound's "sustainable" exchange rate had fallen. It was followed by an interview with King, in which he said the lower pound was "helpful" for the rebalancing of the economy. ....**

Chris Coles wrote:

Martin Carter is correct, this has nothing to do with King, it is all about the perception of the value of simply concentrating upon passing the QE on to the existing financial system. We need a way forward that changes the rules of investment away from the financial institutions "trading" paper assets and back to long term equity investment into new industry in each and every local community. A thoughtful banker will know what to do to achieve that.

September 27, 2009 9:58 BST

<http://business.timesonline.co.uk/tol/business/economics/article6850825.ece>

And then a report on the new land speed record breaking car came up on Slashdot and I offered the following comment. What is so great about this is The Times put up a working link to the image of the engine parts. If this does not bring in some QE for a test of my thinking, what on earth will?

Chris Coles wrote:

At first sight, this might seem to be off topic, but the fact is, this is what creates prosperity.

<http://seven-streamliner.com/engine/index.html>

What you see laid out is the product of industrious and creative minds within a small community doing something that has no commercial value, but is honest enterprise. Yes, it is simply all the individual parts of the engine of a successful land speed record car, but multiply that by the hundred thousand and you get some idea of a route out of the present financial dilemma. You do not need to make a profit to succeed; you only need something useful to do that involves designing and making something, indeed, anything! Prosperity comes from the investment of equity capital and designing and making anything that can be seen as useful and honest industry. That is the forgotten lesson in today's world of QE and "trading" paper assets.

September 27, 2009 10:56 AM BST

From The Sunday Times, September 27, 2009

## **The future looks bleak for New Labour**

Comment, Leading Article:

**The Labour party gathers today in Brighton with its leadership, to adapt Benjamin Disraeli's phrase, looking like a range of exhausted volcanoes without a flame flickering on a single pallid crest. Old Vesuvius himself, although still smouldering after the diplomatic upsets of New York and Pittsburgh, is more exhausted than most. Gordon Brown faces what must surely be his last conference as Labour leader and as prime minister. He is bereft of ideas and haemorrhaging support. Voters may not be flocking to the Tories with a song in their hearts but they appear to have decided to make Labour extinct. ....**

Chris Coles wrote:

The Liberal Democrat positioning that turns its back on Labour and focuses upon the Conservatives says it all; they expect to pick up much of the lost Labour vote. It will make no difference who they pick as their leader. Labour, politically, has lost its way and will not win the next election.

September 27, 2009 9:44 BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6850903.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6850903.ece)

From The Sunday Times, September 27, 2009

## **Hapless Jenson Button in danger of blowing title**

Mark Hughes in Singapore

Chris Coles wrote:

The team ought to have known full well exactly what would happen if they reduced the tyre pressures. They have all the data they need to be able to reproduce any setup from past sessions and I too am of the opinion that it is his team that are over reacting to the pressure and making mistakes with the setup rather than any fault on Button's part. Ross Brawn alluded to that when he admitted they had not made the best decisions on tyres. This is not the first time he has admitted making such mistakes. They all need to calm down and stop rushing at decisions when all Button needs is a reliable setup that has worked in the past.

September 27, 2009 10:32 AM BST

[http://www.timesonline.co.uk/tol/sport/formula\\_1/article6850962.ece](http://www.timesonline.co.uk/tol/sport/formula_1/article6850962.ece)



From The Times, September 29, 2009. Comment; Leading Article

## **An Economic Account**

***The Chancellor's confident speech stressed action to stimulate growth, but said little about the adjustments to living standards that will be needed to reduce debt***

**“Good to see the Labour conference responding warmly to Alistair Darling’s decency and competence. Has done really well in past year,” tweeted Alastair Campbell yesterday. That is a fair expression of the party’s mood. Despite bitter recession and the wreckage of Labour’s poll ratings, the Chancellor has commanded increasing respect since taking office. Initially and unfairly regarded as a mere adjunct to his predecessor at the Treasury, he has escaped that long shadow as the Prime Minister’s popularity has plummeted.**

**Mr Darling’s speech to the Labour conference was confident and combative. He made the best of a difficult brief. Even so, his grandiose claims for Labour’s economic record merit scepticism. Gordon Brown’s boasts to have abolished boom and bust are a distant memory but a heavy burden to shake off. New Labour’s credibility in economic management has proved an easier asset to squander than it was to build up.**

Chris Coles wrote:

Today we elect a government, not to enact law, but to run the nation as though a business and in so doing, leave the City free to abrogate all responsibility for the long term success of the nation. Again and again, we hear ministers of all shades talking about how they will reinvigorate the economy; but never how to do so and actually create new tax income from outside government. Yet everything wrong with the economy revolves around the simple fact that the government does not have enough tax income. Any bank, faced with a creditor with unlimited ability to “cook” their books while at one and the same time, borrowing vast sums, will embrace such with gusto! Everyone in government has to face the simple fact that we need more tax income from employment of the wealth of the nation, outside of government; and less borrowing. That if we set out to increase the prosperity of the wider nation, we might more easily stabilise the economy. But to do that will require the City to step up to the plate and take its share of the responsibility. If there is one message the next Chancellor should take on board; it is that we now know for certain, government cannot be left to run the entire economy of the nation as though it was their own business. By the same token, the City can no longer turn its back and deny responsibility for the failure of the wider economy to provide that missing tax income.

September 28, 2009 11:02 PM BST

Two others were permitted to comment overnight and the next day I added this.

Chris Coles wrote:

Padraig O'Halloran paints a much better picture of the overall problem from a spending point of view, but what I am centred upon is the obverse side of the debate; the mistaken belief that the only way forward is to reduce spending, when it is acknowledged that we lack sufficient income "- too little revenue generated by a private sector too small". Again, Richard Wiseman's comment: "Although other than reducing corporate tax rates there is not is not a great deal more they could have done." perfectly illustrates what I am trying to get across. The process of raising the private sector tax revenue has more than one long term benefit; it brings into play an increase of prosperity outside of government employment. To say there "is not a great deal more they could have done" shows how much perceptions of the potential of private employment have reduced over the last few decades. There are several misconceptions embedded here. Let me start with some seemingly minor details that have profound, but unrecognised effects upon our economy. Almost all long term research funding comes from government coffers. There is no research grant mechanism embedded within our savings institutions. Again, there is no recognised mechanism to fund the invention grant process for the individual inventor from the savings institutions. The Times has, previously, highlighted that there is no mechanism for improving the equity capital structure of the small business sector from the savings institutions. What must now be recognised is that a long term imperative to let government lead the job creation process has destroyed the very mechanisms required to permit the private sector create jobs. The first thing on the agenda must be a formal recognition of the absolute need to re-connect with the needs of private industry. The only way to do that is to face the savings institutions, not the banks, with the fact that they too have responsibilities.

September 29, 2009 9:31 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6853018.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6853018.ece)

From The Times, September 30, 2009

## PM unblocks the cash pipeline

David Wighton: Business Editor's commentary

**Britain's big banks insist the weakness in business lending is due more to a lack of demand than a lack of supply. Companies insist the opposite. In his speech to the Labour Party conference yesterday, Gordon Brown announced a plan that may help to establish who is right. The Prime Minister said the Government would set up a National Investment Corporation to provide funding for small and medium-sized businesses. ....**

Chris Coles wrote:

On the one hand this will continue to perpetrate the great myth that it is the governments' responsibility to create jobs; while at one and the same time doing nothing to change underlying thinking within the City itself. On the other hand, we will quickly return to the days when the Department of Industry had armies of "Industrialists" going the rounds bringing many smaller companies together to form a new "British Leyland" or a "British Steel". Have we already forgotten that the Business Start Up Scheme quickly disappeared to become the Business Expansion Scheme? I have had repeated dealing with the mentality that will again prevail as it continues today. You do not get a grant without handing over the keys to your business for the very simple reason that the money to be made, (not by the business founder, but everyone else in the food chain), is not from raising the prosperity of the business founder and thus the local community, but from the bonuses to be made when those keys are sold on to help form a part of a much larger conglomerate. Why do you think the "City" became so focused on bonuses? Why do you think that that culture became so embedded? It became so on the back of the expectations of the Civil Servants who drove the whole edifice from their expectations of success for their departments. Returning to the very idea that formed the backbone of the present bonus culture; destroyed the industrial heritage of the nation and then signally failed; while handing out knighthoods and Lordships is not the way to succeed. At its height 3i took risk in inverse proportion to the size of its advertisements when they were five full pages in the FT. It is no more. Gone, finished, failed! This proposal will not deliver what we need - access to equity capital on free enterprise terms. Bank loans, government grants, lending from government departments, a new ICFC, will only continue to bolster that great myth; government creates jobs.

September 30, 2009 10:59 AM BST

Peter Bolt wrote:

I agree whole heartedly with Mr Coles.

I was a close observer (from the outside) of Austin : BMC Austin Rover BL and all its other incarnations. From the middle 1950's onwards its sole purpose in life was to buy the then Govt in power (whatever its colour) one less headache. As a commercial enterprise it was a total unmitigated disaster. It should have gone the way of Upper Clyde Shipbuilders, the Scottish equivalent, but not even Mrs T had the courage to do it. It is not money that will sort this dogs dinner of a Country out it is a complete change of attitude that is required. Nothing less.

September 30, 2009 11:22 AM BST

And then another came up to comment which in turn prompted me to add this:

Chris Coles wrote:

david taylor wrote “What is not readily available,nor should it ever be for so-called 'entrepreneurs'with get-rich-quick ideas,is funding with no input whatever from the pleading borrower.In other words.I have a great idea.You put in all the brass,I'll put in nowt and we'll give it a go.I'll just bet you will!Equity participation is there none.The vast majority of those squealing a lack of investment funds fall into this category and no wonder.” And, further down, he also called such people “Spiv”.

First I ask the adjudicator to consider: We have to discover why there is so much vehemence against the job creator. I am quite open about the fact that I am an unfunded inventor. Everyone who knows me or about me knows that for a fact, but here, (not meant to be personal, I am quite sure), I come under that heading of “spiv”, or “get-rich quick” or “so-called entrepreneur” so I feel that those comments open up a legitimate debate as to why anyone would say that.

So, what motivates such comments? What is it about the so called entrepreneur that is so disliked? Is it in truth the same thing as the working class father of old that would do everything they could to prevent their child from bettering themselves? Is it that the banker, having worked all their lives as a salary slave; deep, deep, down - dislikes the individual that has the courage to step forward and try to better themselves? Why should I let them succeed to “get rich” when I do not have the courage to try myself? Is that it?

The crash of the financial system exposes much more than the greed of those that had a hand in the exploits that caused the crash; it exposes the underlying attitudes that caused such a one sided system to grow to the point where it does not work, for anyone. We are, in fact, right at the same point, historically, as when we decided to let anyone get a better education. Except this time we have to address the mentality that is so against any individual that wants to create new jobs.

October 1, 2009 7:25 AM BST

<http://business.timesonline.co.uk/tol/business/columnists/article6854571.ece>

From The Sunday Times, August 2, 2009

## **Britain's low-carbon bonanza will go to foreign firms**

Tricia Holly Davis

**The blueprint for Britain's green revolution was launched this month at a low-carbon bus factory in Surrey.**

**Yet as the government attempts to cut emissions and build a low-carbon energy system, the bus plant is likely to be a rare example of homegrown green manufacturing. Today Britain is almost entirely dependent on foreign multinationals to provide the equipment and expertise needed to decarbonise the country. And despite the government's grand plans, industry executives say it has failed to remove the barriers that have restricted the growth of new firms. ....**

Chris Coles wrote:

Planning permissions, while important, are a red herring. We have to look back much further than the recent green energy strategies to find an answer to why we have not invested in the desired technologies. We have to go back to the 1950's and 60's to when Germany was precluded from building aircraft that could be used for military purposes. To overcome that impediment, they set out to create 6 year degree courses in their universities that challenged the students to design and manufacture aircraft without engines, gliders. From that starting point, German financial institutions immediately stepped forward to invest the required capital and they became the world leading manufacturers of world beating gliders. Gliders have wings the same as wind generators have blades. In the early 1980's I managed to get several students in the Aeronautics Department of the University of Southampton, over a period of two years, to successfully carry out a design exercise for a new British glider. At the same time, I was also trying to gain capital investment for a new advanced engineering materials centre, part of which would have taken those designs forward. We even had the help of the then Deputy Lord Lieutenant of Hampshire, Norman Hearson. No one here in the UK would fund any such idea. Our City financial institutions have for decades now refused to become involved with investment into new ideas and new technologies. They have, and continue, to believe that their remit is to invest into trading numbers on a screen relating to imaginary values of pieces of paper on markets. If we want this once fine nation to succeed again, industrially, we also need to get to grips with the negative attitudes to new industrial investment within our financial institutions. Without such far sighted capital investment as Germany made decades ago, they too would be in the same position as we are today.

October 1, 2009 10:02 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/utilities/article6736018.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/utilities/article6736018.ece)

From The Times, October 1, 2009

## What lawyers think of Blair's legacy - the Supreme Court

Frances Gibb

**The creation of the United Kingdom's first Supreme Court which comes into being today, has overwhelming support among lawyers — and they also predict that it will flex its muscles to become more powerful, in time, than the law lords that it replaces.**

**A survey of *The Times* Law panel, our sounding board of 100 leading lawyers across all specialisms, shows that three quarters believe that the reform is “worthwhile” and two thirds also believe that the move will not just mean business as usual. In the longer term, they say, the Supreme Court justices will be more activist — with the potential of more clashes with government.**

**On the face of it, the reform may look just like moving house to a newly refurbished building. The law lords, as they were, become Supreme Court justices, with new facilities: a library, newly refurbished courtrooms, even a chill out room and a new crest, not to mention the carpet designed by Peter Blake, best known for his cover of the Beatles' *Sgt. Pepper's* album.**

**The move has taken six years to plan amid extensive debate, not least over the site, finally chosen on the opposite side of Parliament Square from the Palace of Westminster, and flanked appropriately by buildings representing the executive and the Church — the Treasury on one side and Westminster Abbey on the other.**

**But after spending £77 million (opposition MPs say £100 million), will it just be business as usual? .....**

Chris Coles wrote:

At first glance, (at the title), one might be forgiven for believing the name represents the same ideals as The Supreme Court of the United States. But closer examination, particularly at the difference in the rules for fees clearly demonstrates that this new Supreme Court is nothing like it's United States cousin; nothing like it at all.

October 1, 2009 9:45 PM BST

<http://business.timesonline.co.uk/tol/business/law/article6855086.ece>

From The Times, October 2, 2009

## Britain to rely on imports for half winter gas

Robin Pagnamenta, Energy Editor

**Half of the gas used by British families to heat their homes this winter will be imported from overseas, the highest proportion on record, as production from the North Sea continues its steep decline, National Grid said last night.**

**In its annual *Winter Outlook*, on the state of Britain's energy supplies, National Grid said production of the fuel from the UK sector of the North Sea would be 6 per cent lower this year than in 2008-09. That will leave Britain having to import 50 per cent of its gas supplies from countries such as Norway, Qatar, Trinidad and Algeria, a sharp rise from 27 per cent in 2007. ....**

Chris Coles wrote:

This report is a classic example of the result of lack of leadership, both political as well as executive. Did no one give any thought to the long term when they first destroyed the coal industry, and then set about building gas fired power stations all over the nation while sitting on their hands with regard to nuclear? Add to that the almost complete destruction of the electricity engineering infrastructure; selling off the engineering bases for housing developments. Discovering they no longer needed a Department of Energy and blowing all the North Sea income on the resulting unemployment costs and the still ongoing costs of dispersing the Civil Service to Regional Development Agencies so they could wrap their tentacles around the County Councils. Now we reap the inevitable reward of unintended consequences. No money in the bank, no carefully thought out energy policy deftly taking us from one energy to the next; just chaos!

October 2, 2009 8:28 AM BST

And then someone else came on to say that long term contracts were in place.

Chris Coles wrote:

But there are two separate markets, as with any commodity, the contracted buyers and the retail sales. I am sure that long term contracts are similarly in place for the purchase of oil; but that did not stop the spot markets raising the price to beyond \$130 and the subsequent price rises at the pumps. Wait for the spot price for gas to go through the roof and see if the onward sale price to the ultimate consumer holds as steady as the original purchase contract price. Everything I read from the professional consultants tells us that there is an expectation of a possible shortfall for the planet as a whole over the next decade and beyond. That in turn signals a strong potential for instability, regardless of the substance of the existing long term supply contracts in place today. For that reason, I for one will accept the opinion of The Times report that the present situation is not a good omen for the UK.

October 2, 2009 2:01 PM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article6857822.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article6857822.ece)

From The Times, **Leading Article**, October 3, 2009

## Clear Blue Water

***The Conservative Party has yet to engage the enthusiasm of the nation. This week in Manchester it needs to clarify what it stands for***

**The economy is in a painful recession. The banking system went to the brink of collapse and the rescue package emptied the public coffers. A wounded and unpopular Prime Minister has survived in office because his colleagues cannot summon the courage, the organisation or the candidate to replace him. As the Conservative Party gathers in Manchester for its annual conference the pertinent question is why it is not completely out of sight in the opinion polls. If David Cameron wants more than a thin mandate from a disgruntled electorate he has to clarify why he wants to win. ....**

Chris Coles wrote:

Perhaps the answers to the Conservative dilemma lie just outside of their field of view, and, thus they need to not just think outside of their box, but step outside too. They must start by learning the lessons of our industrial history. Certainly to my mind, the Thatcher government years were marked by the war with the miners and the senseless destruction of our heavy industries. Both events carrying a clear message, that they could not find any worthwhile industrial leaders within their ranks. From that point forward, instead, their natural constituency turned to trading, on “markets” as the way forward out of their obvious dilemma; the unanswered question, how do they generate prosperity? Today, we can see that they turned up a blind alley that only provides prosperity for a tiny minority and damages the long term future of the wider nation. They must now recognise that and turn back to recreating a new industrial base for the future. The Shadow Chancellor, George Osborne, now recognises that “the national debt is unsustainable”, and I have repeatedly argued that the solution is to seek out a road to greater prosperity for the wider nation, rather than swing an axe on costs. That in turn reaps the reward of a cure for the broken society by the simple mechanism of generating success for the majority in their local communities; where prosperity is surely better at healing than any government inspired “program”? The centralisation of Europe gives ample opportunity to free up innovation by centring upon the need to fund new, individually inspired, industry. That will only come through inspired leadership to break down the obvious barriers in a corporate Europe. Finally; for the life of me, I cannot understand why a party, with hundreds of members in Parliament, that has the vote of nearly the majority of the nation; cannot find a way to present a referendum on the Lisbon Treaty, directly to the nation, first thing Monday morning?

October 3, 2009 10:19 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6859340.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6859340.ece)



From The Times, Leading Article, October 3, 2009

## Liberating Hopes

### ***Hamas must now free Gilad Schalit to end the stalemate and despair in Gaza***

**Nineteen Palestinian women, together with a baby born in prison, were released by Israel yesterday in return for a video cassette proving that Gilad Schalit, an Israeli soldier seized by Palestinian militants three years ago, is alive and held hostage by Hamas. The exchange, which took weeks of international diplomacy to arrange, raises hopes of a larger prisoner exchange in return for the release of the 23-year-old soldier whose fate has caused anguish throughout Israel.**

**Yesterday's exchange might seem an unequal bargain and a violation of Israel's longstanding insistence that it does not bargain with terrorists. But it is a measure of the enormous emotional importance that the Schalit case has assumed in Israel that the Government was prepared to release so many prisoners just for confirmation that Mr Schalit was alive, healthy and coherent. Israel has made it a point of honour that it never gives up efforts to rescue any citizen held hostage or retrieve the body of anyone killed by its enemies. The cassette is small comfort for Mr Schalit's family, who have campaigned tirelessly for his release. It will at least bring relief that he is surviving the ordeal of being held for so long. But for many Israelis the anguish of seeing him scouring a Palestinian newspaper for any hint that he may be freed may prove hard to bear. ....**

Chris Coles wrote:

"As we have said, Israel is better than its enemies and we expect it to behave like a democracy that respects the rule of law."

Then, is it at all possible that Israel will follow through with that statement and abide by international law with regard to the occupied territories? That is all we onlookers ask; is it too much? Are we being unrealistic? For surely the law is all law, not those parts of it that suit? Very simple, not complicated, please, abide by the law, all of it.

What you might then discover, is that perhaps all of your long term problems would disappear. In turn, we, present detractors of Israel, might find ourselves welcoming you all into the wider law abiding community that surrounds you. The best friends you ever have tell you the truth; even if you do not want to hear it.

October 3, 2009 10:42 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6859341.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6859341.ece)

From The Times, October 3, 2009

## **IMF's Strauss-Kahn puts bank tax on the agenda**

Patrick Hosking Istanbul

**Ministers and bankers gathering in Istanbul this weekend for the IMF/G7 meetings are expected to discuss plans to co-ordinate the removal of blanket government guarantees of banks.**

**The guarantees, issued by most governments in the wake of the collapse of Lehman Brothers, are seen as unsustainable. However, no country wants to be first to remove them for fear of triggering a massive exodus of hot money. The Republic of Ireland caused a diplomatic row last year when it became the first country to guarantee wholesale as well as retail deposits, with many business customers rushing to switch money to Ireland from other countries, including Britain.**

**Reversing the policy for wholesale deposits is regarded as super-sensitive and needing international co-ordination if the guarantees are to be removed.**

**Regulators want to bring the possibility of failure back into bank supervision to encourage best practice. Some want lenders to write so-called “living wills” making it easier to close them down in the event of failure. ....**

Chris Coles wrote:

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. Turning to the trading activities of the banks; free markets allowing open sale between legitimate buyers and sellers have been totally successful for centuries. It is only the recent trading by centralised funds; that have brought the market into disrepute so, surely, the answer is very simple indeed; remove the right to “trade” on behalf of the saver? As simple as that!

October 3, 2009 11:36 AM BST (This was the only reader comment accepted).

<http://business.timesonline.co.uk/tol/business/economics/article6859447.ece>

From The Times, October 6, 2009

## **Banks could have to shed 10% of customers as price of state aid**

Katherine Griffiths, Banking Editor

**The European Commission wants Royal Bank of Scotland to sacrifice up to 10 per cent of its small business customers as the penalty for receiving billions of pounds in state aid.**

**RBS, which is 70 per cent state controlled, would have to give up about 100,000 of its one million small business customers under the plan. RBS, which controls about one third of the market, is resisting Brussels' proposal and wants to cap its divestments at a significantly lower level.**

**Lloyds Banking Group, 43 per cent owned by the taxpayer, is under pressure to shrink its share of personal accounts, where it is the No 1 player with 22 million customers. ....**

Chris Coles wrote:

Anthony Hollis wrote: "In my view the EU should allow Britain to get on with running Lloyds and RBS, banks it largely owns, for the benefit of the British taxpayer, the employees of the banks and its shareholders, including, importantly to a lot of us, our pension funds."

What the EU has woken up to is that pensions should never have been in the hands of the banks in the first place. Pensions were once in the hands of what we called Savings Institutions. As I pointed out last Saturday, October 3, 2009 (IMF's Strauss-Kahn puts bank tax on the agenda by Patrick Hosking in Istanbul):

"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."

The EU is belatedly recognising that, to stabilise the pensions, we need completely new rules for the investment of equity capital, (underpinning all pension funds), and that in turn requires new savings institutions that will: "address the needs of a fully free society, not those of a feudal mercantile economic structure that has signally failed to deliver".

October 6, 2009 10:04 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6862394.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6862394.ece)

From The Times, October 6, 2009

## **FSA at odds with banks on safety buffer requirement**

Katherine Griffiths and Robert Lindsay

**The City regulator has put itself on a collision course with banks over tough new rules that will force financial institutions to set aside a “buffer” in government bonds.**

**The Financial Services Authority (FSA) published its final rules yesterday, drawn up after nearly two years of consultations, designed to force banks to build up a large reserve of highly liquid assets.**

**The FSA hopes that the move will mean that Britain can avoid a repeat of the chaos that engulfed banks in 2007, in which several, such as Northern Rock, Royal Bank of Scotland and HBOS, were thrown into crisis because market confidence deserted them and they could no longer fund themselves. Banks could be forced to hold up to £900 billion in government bonds, three times more than at present, under the FSA proposals.**

**In a move that will anger banks, the FSA stuck to its definition of liquid assets, excluding the corporate bonds, asset-backed securities and derivatives that many banks had counted as liquid assets before the financial crisis. However, in a significant concession, the FSA will implement the new rules only once the recession is over. ....**

Chris Coles wrote:

While the immediate banking crisis is seen as a lack of liquid assets; in truth, the underlying problem was that the banks had fallen into the known bad habit of borrowing short and lending long. They had then compounded that mistake and added to their problems by selling on the short term debt as collateralised debt obligations as though the new instruments were suddenly a long term AAA asset; when in fact, they were instead a very corrosive acid that ate the bottom out of their business model. Turning to the FSA, it had been set up with a mistaken role, which did not take any visible account at all, of the wider needs of an industrial nation; instead centring upon the needs of retail and merchant banking. The FSA, just like the EU and the IMF, have now to come to terms with the fact of their previous failures. The FSA may well wish to implement these new rules for the banks, but of one thing I am absolutely certain; they cannot stop there and say the job is finished. Next, they must address the lack of recognised savings institutions charged with specific responsibilities to invest equity capital, at arms length, back into the wider nation. Until they recognise the need for the necessary equity capital, to underpin the employment of the people of the nation, by the job creators; nothing will change for the better. Yes, bank lending must be underpinned by more acceptable assets. But now the debate must turn away from the banks balance sheets, and towards the desperate need for equity capital investment into the wider nation. Both sides of the FSA's responsibilities must now be urgently addressed. Moreover, if the FSA is about to be subsumed back into the Bank of England; then that further responsibility must also be formally recognised by the new team at the BoE.

October 6, 2009 11:32 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6862365.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6862365.ece)

From The Times, October 8, 2009

## **American troops in Afghanistan losing heart, say army chaplains**

Martin Fletcher at Forward Operating Base in Wardak province, Afghanistan

**American soldiers serving in Afghanistan are depressed and deeply disillusioned, according to the chaplains of two US battalions that have spent nine months on the front line in the war against the Taleban.**

**Many feel that they are risking their lives — and that colleagues have died — for a futile mission and an Afghan population that does nothing to help them, the chaplains told *The Times* in their makeshift chapel on this fortress-like base in a dusty, brown valley southwest of Kabul.**

**“The many soldiers who come to see us have a sense of futility and anger about being here. They are really in a state of depression and despair and just want to get back to their families,” said Captain Jeff Masengale, of the 10th Mountain Division’s 2-87 Infantry Battalion . . . . .**

Chris Coles wrote:

Turn back to history and remember that Vietnam was all supposed to be about stopping the creeping threat of communism from spreading across Asia. In the end, the US was forced out and the war stopped. Take a look today and Vietnam is open, friendly and especially, quiet. My heart goes out to our soldiers. They are fighting against an agrarian tribal society that will in fact fight anyone they see as an aggressor. Indeed, like it or not, in truth, our own troops would all fight in exactly the same manner if the table were turned and the Taliban arrived armed on the streets of any town in the UK or the US. THAT is the underlying problem deeply affecting moral. They are fighting the wrong war with the wrong tools. It should all have been about education. We would have done much better to have brought these people here to educate them, than send our troops there to kill them. Then the local tribes could have seen for themselves what it is we believe in and why. As it is, they have no idea of how our societies work; what our values are, other than we have armed troops driving down the street supporting a corrupt government. What we present them with is nothing like what we wish them to believe in. We should indeed learn the lessons of history and remove our troops and instead set out to educate them about us; as a quiet, peaceful, non military society and give them time to adjust. As things stand, we present them with a common enemy, our troops, as a target for their hatred of our combined Western foreign policy. A foreign policy moreover, still deeply embedded in the same warped military industrial viewpoint that created the Vietnam War, and every war ever since. Troops are for the defence of the realm. Placing them in danger in another country for indeterminate reasons has never worked. Obama is right to stop and think; he must see the utter futility of continuing. We need him to have the strength to say; no more! Bring our troops home.

October 8, 2009 11:06 AM BST

<http://www.timesonline.co.uk/tol/news/world/Afghanistan/article6865359.ece>

From The Sunday Times, September 27, 2009

## City hedge fund exodus begins

Kate Walsh

**BREVAN HOWARD, the UK's largest hedge fund, is planning to open an office in Switzerland, perhaps signalling the beginning of a mass exodus by financial groups from London.**

**The hedge fund, which has assets under management of close to \$27 billion (£17 billion), has instructed property agents to find an office in the tax haven with capacity for at least 100 staff. It has narrowed the search to Geneva and the nearby Nyon.**

**In June, James Vernon, the firm's chief operating officer, said that a proposed EU directive on hedge-fund regulation would make it "impossible" for it to do business in the UK.**

Chris Coles wrote:

Everyone is missing the most fundamental part of this debate; the money, or to be more precise, whose money? When a Hedge Fund describes a client, they are talking about another financial institution, such as a bank, that has taken in the savings of citizens and passed the savings on to be invested for profit. The Hedge Fund, in turn, makes its profit, using very complex mathematics and computers, by constantly second guessing any particular trend, up or down, in any market they address. Upon that business model, they seem to have made enormous profits, from which they pay themselves substantial fees, (a very big slice off the top of the savers money invested), salaries and bonuses; in turn again, paying vast sums of tax to support the government. On the face of it; they have been a great success, except, it has been a grand illusion. Oh! Yes! An illusion! Or, have you not noticed that all your pensions, and pension pots, have all but disappeared. Gone, vanished. You see, a Hedge Fund can make just as much, even perhaps more money, when the markets drop in value; when your savings disappear. Evaporate! But that still does not get right to the heart of this debate, the money, our savings; are not directly invested back into your local community. They are swilling around in various bank accounts. Ah! Wait for it, someone is going to jump up and talk about direct investment into industry. OK, read this: A Wall Street Version of "Flip this house" [http://www.nytimes.com/2009/10/05/business/economy/05simmons.html?\\_r=2&hp](http://www.nytimes.com/2009/10/05/business/economy/05simmons.html?_r=2&hp)

The most fundamental point is that all the money swills around their bank accounts and is not directly invested at arms length, as fresh equity capital back into new industry. If the Hedge Funds and Private Equity want to go to Switzerland, OK, but the money belongs to the savers, more particularly, to the nation. They must be forced to leave the money behind them. They have no right to take our savings, the bedrock of the future economy.

October 8, 2009 12:45 PM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6850919.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6850919.ece)

From The Times, October 9, 2009

## **Bank's wait-and-see on QE divides opinion**

Gráinne Gilmore, Suzy Jagger

**A sharp divide in opinion has emerged over whether the Bank of England should widen its policy of quantitative easing next month.**

**The Bank's Monetary Policy Committee (MPC) adopted a wait-and-see approach on Thursday, keeping interest rates on hold at 0.5 per cent and continuing with its £175 billion scheme of quantitative easing. However, there have been calls for the Bank to pump more money into the economy.**

**David Kern, chief economist at the British Chambers of Commerce, said: "There is worrying evidence that earlier hopeful signs of improvement in the economy are weakening. To counter serious risks of relapse, we urge the MPC to raise the QE [quantitative easing] programme to £200 billion."**

**Geoffrey Dicks, chief economist at Novus Capital, agreed: "The scheme should probably be extended. It is very easy for the Bank to sell back the gilts if needed. ...."**

Chris Coles wrote:

The Bank of England is caught between a rock and a hard place. Its clients are the banks, but as I have pointed out in *The Road Ahead from a Grass Roots Perspective*, (Chapter 2, Job Creation, not credit; is the primary driver of prosperity), there are two separate inputs to new job creation and thus greater prosperity. The primary equity capital investment to create the basic structure of the business venture and the secondary, short term working capital to fund the progress of materials through manufacture and on to sale. The BoE is structured to deal with the secondary mechanism, working capital. We do not have ANY functioning mechanism to invest, at every level of the nation, the savings of the nation as equity capital; absolutely necessary, to permit the establishment of the business structures to create the jobs. When the FSA was promulgated, again, no one saw the need to structure their responsibilities towards the lack of equity capital, (on the agenda since Macmillan in the 1960's), instead aiming their remit towards propping up the banking system with rules structured around the supply of vapourware salespeople. QE has all gone towards propping up the secondary working capital mechanism. None of it has gone directly into the delivery of new equity capital to create new business structures. The City cannot continue to sit on their hands in silence and expect me to deliver that equity capital; I do not have access to the savings of the nation. Yesterday, I argued that if the hedge funds leave the country, they should be forced to leave the savings of the nation behind them as the savings belong to the nation, not the hedge funds. Someone has to step forward and describe the responsibilities of the BoE to include the now desperate need for a working mechanism to deliver the savings of the nation, as equity capital, back into every level of every local community. We innovators simply cannot be expected to create prosperity without access to capital.

October 9, 2009 10:24 AM BST

<http://business.timesonline.co.uk/tol/business/economics/article6867083.ece>

From The Times, October 12, 2009

## **Tories want to put Lord Turner in charge of curbs at the Bank**

Suzy Jagger, Politics and Business Correspondent

**Lord Turner of Ecchinswell, the City regulator, is expected to be offered a senior role at the Bank of England should the Conservatives win next year's general election, *The Times* has learnt.**

**The peer, who is chairman of the Financial Services Authority (FSA), has been deemed "indispensable" by Tory frontbenchers. The Conservatives intend to scrap the FSA and return the role of banking supervision to the Bank of England if they are voted into power.**

**Under such plans they would create a new position of third deputy governor who would be responsible for regulating the banks. Lord Turner could be offered the job. His spokesman was yesterday unavailable for comment.**

**One senior MP who is close to Lord Turner said that the peer has serious ambitions to become Governor of the Bank of England, a role that is held by Mervyn King until June 30, 2013. He added: "The problem would be that Adair doesn't want to be deputy to anyone."**

Chris Coles wrote:

The Bank of England once had an Industrial Department and one could argue that there is no need for a new one. As long as the aiming point for the future is the re-invigoration of the present Finance, Insurance and Real Estate, (FIRE), economy, (that has taken us all to the brink), then perhaps Turner is the correct choice. The question remains, how is the new conservative government going to return the nation back towards a savings invested as capital based industrious economy? I do not care one jot who leads as in every case, their leadership credentials may well be impeccable; but what is the battle plan? In which direction is he going to take us? The problem for the conservatives is very simple; their natural constituency are their dinner party friends; the bankers and traders. But they are the very people that are right at the heart of our ongoing problems, as a nation. One of the first lessons of management at any level is that to lead effectively, you must abandon friendship; as it has no place in the responsibility of leadership. I see this as the defining principle of the next government; for they must be seen as our leaders, elected by the people, for the people. More than at any time before, they must place the leadership of the nation; before the concerns of their friends.

October 12, 2009 8:47 AM BST

<http://www.timesonline.co.uk/tol/news/politics/article6870298.ece>



From The Times, October 12, 2009

## **We must work together to keep the lights on**

***Business alone will not make the right investments for our energy needs. Meanwhile, the environment has to pay the price***

Ed Miliband

**Ed Miliband is Secretary of State for Energy and Climate Change**

**In the 1980s Ronald Reagan had a clear view about the future: small government was the answer, he said. In the area of energy policy, he was a particular believer. He even took Jimmy Carter's solar panels off the White House roof. When it comes to his roof, David Cameron is no Ronald Reagan. He has put a wind turbine on it.**

**But symbols of modernity are no substitute for substance. To understand whether his energy policy is right for this century, we have to go a bit deeper. With his speech at the Conservative Party conference last week, Mr Cameron has firmly put himself in Reagan's sweeping, right-wing ideological tradition: whatever the issue, government is always the problem not the solution. ....**

Chris Coles wrote:

Regardless of who is "in government" the primary question is; why does government continue to exhibit no capacity to take difficult industrial decisions? Again and again, governments refuse to make decisions; when it comes to anything that involves design and manufacture, particularly; anything involving heavy industry -Why? This is not a recent thing; it has been going on for many decades. This is not something that is entirely the fault of government; as the same applies to the "City". As an island nation, shipping is always a major concern, but we abandoned shipbuilding. We were, without doubt, the leading aerospace nation; with an unequalled capacity to design and build civil aircraft. Our technical skills were of the highest order and yet, in large part, have been abandoned. We were one of the leaders of nuclear power yet we sold the last remnants of our design skills and are about to sell off fuel. We once had many independent steel mills. No more. We are told that 95% of energy is generated by coal, but forcefully abandoned that. Computers, as a recent TV program shows, designing perhaps the most successful "chip", but again, abandoned the whole thing to other nations. Again and again, we sell off, or refuse to support, rather than make any decision to invest for the long term. As I showed recently, some bankers describe job creators as "spivs". As a nation we show no capacity to accept responsibility for long term investment. Yet, when we look around us, we always see that national success stems from long term investment into new industry. Our greatest challenge today is to recognise the need to change that inbred "City" culture, away from fear of investment and back to the long term support of our innovators and inventors. We need new savings, (and government), institutions built from the bottom up; staffed with imaginative people charged with the freedom to support our creative thinkers and designers; if we are to succeed as a 21st Century nation.

October 12, 2009 10:27 AM BST

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article6870236.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6870236.ece)

From The Times, October 16, 2009

## Huge Goldman Sachs pay pool could enrich Treasury by £2bn

Christine Seib in New York

**The Chancellor stands to receive £2 billion of Goldman Sachs's record-breaking compensation pool if the Wall Street bank continues its winning streak (see Commentary, facing page). .....**

Chris Coles wrote:

"Revenue from trading and principal investments, which includes trading done with the bank's own funds, soared by more than 260 per cent to \$8.8 billion as fixed income and equities performed strongly." If you are a saver with any "fund", that fund in turn places those savings into the hands of the likes of Goldman Sachs, (GS), and GS in turn use the savings, (plus a portion of their own money), as their "bet" on whatever market they trade. Thus while a proportion of the bet is their own money, by far the majority are the savings from their clients, the "funds" who have taken in the savings. Note that REVENUE is \$8.8 Billion. Turnover is well known to be as much as trillions per day and they make no mention of how much "bonus" they pay the "funds" for the use of your savings as that is simply another cost to factor into their calculations. If the savings were, at the same time, also being used to produce comparable turnover and income for the rest of the nation, (from where the savings originate), then everyone would be ecstatic. But in fact, all our savings are held within such banks and funds and used for their trading and none of it is being used to replace the loss of prosperity in the wider nation. Those savings have been removed from circulation within the savers communities and have not been re-invested back into the savers communities and, as a result, while the banks and funds prosper, no one else does. Yes the saver, SOMETIMES, gets their money back with a small income, but that is never comparable to the income of the "traders" and funds. The lesson to learn is that the only mechanism to replenish the prosperity of the savers community is the re-investment of the savings, as equity capital, back into new job creation at the grass roots of the nation. Job creation, using equity capital, not credit, not government grant, certainly not the traders profit; is the primary driver of prosperity for the wider nation. But we

October 16, 2009 8:29 AM BST

The lesson to learn is that the only mechanism to replenish the prosperity of the savers community is the re-investment of the savings, as equity capital, back into new job creation at the grass roots of the nation. Job creation, using equity capital, not credit, not government grant, certainly not the traders, or funds profit; is the primary driver of prosperity for the wider nation. But we have no mechanism to achieve that and thus THAT is the problem we face. We have every High Street in the nation full of banks and "funds" sales people bringing into these funds, the savings of the nation; but not one recognised institution, let alone a single office, anywhere; charged with the purpose of re-investing the required equity capital. That is the primary problem that must be addressed before we can bring the whole nation back to prosperity.

October 16, 2009 9:15 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6877173.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6877173.ece)

From The Times, **Leading Article**, October 16, 2009

## The Gaza Trap

### ***The Goldstone report is biased and Europeans on the UN Human Rights Council should reject it rather than abstaining***

All arguments about moral equivalence are mined with booby traps, none more than arguments about the Middle East.

Yesterday the United Nations Human Rights Council (UNHRC) began a two-day debate on the report to the UN Security Council by a panel chaired by Richard Goldstone. The former South African judge has been looking at Israel's incursion into Gaza. The UNHRC is poised to recommend to the Security Council that unless Israel and Hamas agree to conduct "impartial and thorough" inquiries into their conduct during the Gaza conflict, indictments for "war crimes" should be brought against both parties at the International Criminal Court (ICC).

Here are the problems with this. First, there is no equivalence between the actions of Israel in self-defence and those of Hamas in seeking to destroy it. Second, the UNHRC is not a credible forum. It is a kangaroo court. Like its predecessor, the UN Commission on Human Rights, it has failed to meet expectations as a watchdog over global human rights, instead becoming notorious for bloc voting and bias against Israel. And finally, the Goldstone report itself is imbalanced: it focuses on Israel's faults rather than its right to protect itself. ....

Chris Coles wrote:

Taken off the UN web page for the Sixty-third General Assembly, Fourth Committee 21st Meeting (PM), November 4, 2008 titled: "Israel's 'enormous web of unlawful practices' devastating Palestinian society" - Calling this "proportionate" is unacceptable.

"Even under the aegis of a peace process, Israel continued to breach all human rights standards; killing, injuring, imprisoning, displacing and collectively punishing Palestinian civilians with impunity, she said. The humanitarian suffering inflicted on the Palestinian people also included destruction of their homes, property, infrastructure and land. Israel simultaneously continued its unlawful colonization campaign; building and expanding settlements, the wall, bypass roads, and checkpoints in the Occupied Palestinian Territory, including East Jerusalem — all aimed at altering the Territory's character, status and demographic composition, entrenching its presence on the land and advancing its expansionist agenda. She said that Israel had relentlessly pursued a two-dimensional policy for decades, namely the brutalization and oppression of the Palestinian people and the confiscation and colonization of the land. Those policies had involved an "enormous web of unlawful practices" that entailed gross and systematic human rights violations, many of which amounted to war crimes, causing severe devastation and damage to Palestinian society. During the reporting period, occupying forces used excessive and indiscriminate force against civilians through extrajudicial killings, violent military attacks and destruction of homes, with hundreds injured and 68 children killed in the first six months of this year. The rights of life, liberty and personal security were also violated by armed, extremist Israeli settlers illegally transferring to the Occupied Territory,....

The Goldstone report must be accepted in full.

October 16, 2009 8:55 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6876961.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6876961.ece)

From The Times, Leading Article, October 16, 2009

## Mandarins Collared

### ***Reforming the Civil Service is not to insult it, but to improve it***

**On the publication, in 1854, of the Northcote-Trevelyan report, which chastised the Civil Service of the day for its reliance on patronage and nepotism, Queen Victoria is said to have wondered aloud: “Where is the application of the principle of public competitions to stop?”**

**Her Majesty’s anxiety turned out to be unnecessary. In 1968 Lord Fulton’s inquiry concluded that administrators lacked management skills, that the position of technical and scientific experts needed to be enhanced and that departments tended to fight to no good public effect. Forty years on, Fulton could be republished today with only minor adjustments. ....**

Chris Coles wrote:

Your report today gives us a clue to an underlying problem that, as far as I know, has not been discussed in public for some decades. You say: "The service is remarkably insular and ignorant of the world outside Whitehall." May I be so bold as to provide an answer as to why? To do that, I have to tell a little story. When I was a small boy, my eldest Brother, John, told me that I was never to try and go and see my Uncle Peter. Why, I asked. I was told that he would slam the door in my face. Why? I again asked, and the answer has remained as clear as the sound of a bell striking. "He is an Exclusive, a member of the Plymouth Brethren. So how does my story relate to the Civil Service? My Uncle Peter had been a senior civil servant during the war years. The point I am making is that Exclusives have no contact whatsoever with anything or anyone; outside of their sect. They are forbidden from reading newspapers, listening to the radio, or watching TV, they are even forbidden from having any contact with their nephews; on the basis of their being, in the religious sense, unclean. I have no problem with them in the local community; their womenfolk wear distinctive head scarves over very long hair and they are, for all intents and purposes, the same as similar, insular, American religious farming sects we hear about from time to time. But when we look at the problems of commanding a modern society; it becomes very clear indeed that such beliefs must create an obvious impediment to being in full command of the wider responsibilities involved. Yes, one can see immediately, that we must be careful not to discriminate. However, at the same time, whomever leads the next government must have the courage to see that we need the leaders of the Civil Service to be not only intellectually sound, but in possession of a background that reflects a complete understanding of the wider nation surrounding Whitehall.

October 16, 2009 10:20 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6876964.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6876964.ece)

From The Times, October 16, 2009

## **Felipe Massa puts future partnership at risk with broadside on Fernando Alonso**

Chris Coles wrote:

What is that old saying; Mud Sticks.

Massa is taking exactly the correct line by making it clear he has doubts. We all have doubts.

Next season, we are going to see Ferrari having to cope with two dominant drivers and I do not see Massa playing second fiddle to anyone. Quite right too. We might even get a season to remember.

Now, Barrichello must win this year to bring this season to a fine conclusion.

October 16, 2009 10:40 AM BST

[http://www.timesonline.co.uk/tol/sport/formula\\_1/article6877096.ece](http://www.timesonline.co.uk/tol/sport/formula_1/article6877096.ece)

From The Times, October 19, 2009

## **Jenson Button enjoys race of a lifetime**

Edward Gorman, Motor Racing Correspondent, São Paulo

Chris Coles wrote:

Yes, a worthy Champion, no argument, but let us not forget that his team mate, Rubens Barrichello, by winning races and setting a much higher standard over the second half of the season, created the opportunity for Brawn to win, not only the drivers championship, but also the Constructors Championship too.

Rubens was lost in the background after the race but deserves as much applause as Jenson Button.

Well done to both drivers and the rest of the team too.

October 19, 2009 10:12 AM BST

[http://www.timesonline.co.uk/tol/sport/formula\\_1/article6880276.ece](http://www.timesonline.co.uk/tol/sport/formula_1/article6880276.ece)

From The Sunday Times, **Leading Article**, October 18, 2009

## **The Bankers don't get it on bonuses**

**Are they, to put it bluntly, taking the mickey? All those things that were supposed to have been banished for ever are back. Knight Frank, the upmarket estate agent, says demand for £5m homes in London has “sparked into life”. Sales of luxury goods are soaring again, champagne bars are filling up and tables at the swankiest restaurants are now as hard to find as a distraught banker under Waterloo Bridge.**

**It's all because bonuses are back. A year after the banking system was bailed out by taxpayers, who will be dipping into their pockets for decades to pay for it, bankers are again living it up like Middle Eastern potentates on a shopping frenzy in Marbella. ....**

Chris Coles wrote:

Perhaps the way forward is to remember that we have a substantial body of law relating to the use of the deposits of the customer. We created that law to remove the potential for the loss of the deposit through some unacceptable action of the taker of such deposits. It is that law that prevents me, as an ordinary person in business from taking any such deposits. It is unlawful for anyone not properly adjudged to be a “proper person” under that banking law to take a deposit of money. In which case, the law was set out in that way to ensure the depositor's money was always safe in the hands of the institution into which it is deposited. Today we see that the self same bank, or other financial institution, or fund, has taken their own decision to use that lawful deposit by the depositor, and use the deposit for their own purposes. The bank will say they have created great profits in that self same use; but is the final ownership of the profit theirs or the depositor's? And, if the answer is that the deposits are still the lawful, (protected by the law), property of the depositor and not the bank or the fund; then surely, any such profit that is generated by the actions of the bank or fund; ENTIRELY belongs to the depositor? The bank or fund may well say that they have costs which must be taken off the top of the profit. But then the question becomes, what are fair costs? No other business has any form of bonus structure like that which we see with banks or funds. What is reasonable? May I be so bold as to suggest that, when we look at the reasons for the law as set out in statute relating to the taking of deposits; that that protection must be seen as to extend to the taking of unreasonable bonuses? That, skimming off vast sums by the staff of the banks or funds in the form of a bonus; is as much a theft of the savers deposit as any other such theft. We surely have all we need in the form of existing law to put an immediate stop to such practices?

October 18, 2009 11:20 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6879521.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6879521.ece)

From The Times, October 19, 2009

## Government debt ‘nearly three times higher than official figure’

Tom Bawden

**Employers yesterday called upon the Government to get to grips with its ballooning debts as a new study put the true size of the public sector’s net liabilities at £2,200 billion, almost three times official figures.**

**The CBI said that the Government needed to cut its planned spending by £120 billion over the next six years, amid forecasts that official figures due tomorrow will show that total net borrowing has surged by another £10 billion in the past month.**

**The true level of Government debt is equivalent to 157 per cent of national output and nearly three times as large as the £805 billion figure reported by the Office for National Statistics, according to a new book published by a centre-right think tank. ....**

Chris Coles wrote:

Surely the only practical solution is to go bankrupt, and if so, the sooner the better. Cut the credit card in half and start again. Start by reducing government to making law and nothing else. The executive cannot be left out of this as though it was nothing to do with them. A good start will be to sell off all the overseas properties owned by the Foreign Office and make them all redundant to show the rest of the world that we mean business. State pensions? What happens when a private business is so badly run as to go bankrupt? Everything goes; so no fabulous two thirds salary pensions. No good complaining now, when they were not prepared to help with private pension problems caused by maladministration, preventing the acceptance of blame for decades by tying plaintives up in the Courts, so why should they be treated any differently than how they have treated the ordinary citizen? Ah, now we have got their attention. You are bankrupt. Your spending, your irresponsibility, YOUR refusal to accept that your actions were at the heart of the problems we face as a nation; have brought us to where we are today. In private business, we have to stop because we have no way forward. No one will deal with us. We have to endure a long period of great austerity which also shows our creditors that we have learnt the lessons of what not to do with other peoples’ money. Now it is going to be your turn and there is no escape. The debt was purchased by the banks, so they too are bankrupt. Now we can clear the decks and make a new start. New banking and savings institutions, (remember that the physical branches, and systems are all in place). Bankruptcy means the transfer to new owners at a knock down price. Yes, value is destroyed, but the physical asset is not, it is put to good use. With new savings institutions and a return to a capital based industrial economy returned to designing, making and selling, same as Japan after WW2. In the end, we will be better for it too.

October 19, 2009 9:29 AM BST

<http://business.timesonline.co.uk/tol/business/economics/article6880228.ece>

From The Times, October 18, 2009

## **E.ON condemns overambitious targets for green energy**

Robin Pagnamenta in Malmö

**Government plans to generate 30 per cent of UK electricity from renewable sources by 2020 are doomed to failure, according to the chief executive of one of the world's biggest utility companies.**

**Wulf Bernotat, chief executive of E.ON, said that British politicians needed to stop misleading the public about what was achievable.**

**He said that British plans to build 33 gigawatts of offshore wind power, up from 0.6 gigawatts at present, was impossible, given the necessary investment and relatively short timeframe. "Politicians need to be more realistic," he said. "If you just set out these targets without really taking the effort to square it with industry, then you end up with the dilemma of it not being achievable." .....**

Chris Coles wrote:

There is another aspect to this debate that has not surfaced; the failure to invest into long term research by the savings institutions. A very large part of the problem has been created by the financial services industry refusing to take any responsibility to invest long term. Everyone today expects that government will take up the responsibility with some form of grant. Gosh! We even have charities involved; but never long term direct investment at arms length by the people holding the savings of the nation. You might well say that the system we have at present is good and works, until, that is, we take a close look and see exactly what is being reported today here. The present system has not worked, does not provide any of the answers we need, industrially. Embedded within that part of the problem is the refusal to accept that there may be better ideas outside of the conventional wisdom. A large part of that refusal stems from the rejection of competition against embedded multinational companies and their executive government supporters. Both sides of the equation live in feudal working environments. They automatically refuse to accept any solution over which they have no control. There are inventors and innovators world wide with no funding and no supporters. Why; because they do not have any voice within the present system. We need to open up substantial funding to any idea that just might provide a solution because, like it or not, the present leadership, both government and industrial, has so far signally failed to provide a way out of our combined dilemma. Today, anyone with funding insists on feudal ownership; when, in the past, historically, the best way forward was always to leave the entrepreneur free. Free to inspire and lead, (their own), business and their own local community. But that in turn will require new leadership and new investment if we are to have any chance of a solution to our ongoing energy provision. We must invest in new thinking.

October 19, 2009 10:00 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article6880248.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article6880248.ece)



From The Times, October 21, 2009

## **Mervyn King calls for banks to split as public finances take record hit**

Ian King and Gráinne Gilmore

**Mervyn King, the Governor of the Bank of England, called last night for banks to be split to prevent them becoming “too important to fail”, saying that tougher regulation would not prevent another financial crisis.**

**His comments came as it was confirmed that the public finances suffered their worst six months on record between April and September and as a respected economic forecaster, warned that it would take longer to close the UK’s budget deficit than the Treasury has been predicting.**

**Addressing Scottish business leaders in Edinburgh, Mr King attacked those who are delaying reform of the banking sector and warned that the UK would be paying for the impact of the financial crisis on its public finances “for a generation”. .....**

Chris Coles wrote:

When we formed our first business, we approached a local bank that, within a year, became a part of National Westminster Bank. Not long afterwards, to get at better terms, we moved to Martins Bank which quickly became a branch of Barclays Bank. Prior to 1970, local banks, serving the local needs; were a solid foundation upon which was built The Industrial Revolution and our great success as a shipping and trading nation. Local competition keeps prices in check. We once, as a nation, competitively, produced much of the industrial needs of the rest of the planet and we were admired, World Wide, for our abilities. Many people ask; what happened; why is that no longer the case today? What happened is that the loss of Empire, (and associated tax income), drove the decision to borrow the missing tax income, (from the gnomes of Zurich, if my memory serves me right), to cover the ongoing cost of our Establishment. The unreliable gnomes, in turn, drove the need to find ways of encouraging the creation of a new financial system designed to produce the missing tax in the form of lending to government. That collective decision, to save face rather than endure misfortune, drove the entire financial industry away from sustaining the needs of the wider industrial nation and towards papering, quite literally, over the cracks in the establishment façade. Today, we have reached the inevitable dead end of this doomed strategy. We must return to local independent banks owned by people of standing in their local communities, servicing the needs of their local customers. Moreover, we already have in place a local banking system, run, if not owned, by local people of standing, in place within the local communities, our Post Offices. All we need is to define new rules for local savings and for new rules for the investment of those local savings as equity capital, back into their respective communities. Thereafter, surely, market forces alone, will break up the “City” banks.

October 21, 2009 9:20 AM BST

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6883095.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6883095.ece)

From The Times, **Leading Article**, October 21, 2009

## **A Spectrum of Bad to Worse**

***The rejection of the proposal to share the BBC's iPlayer points to a wider problem***

**In her unflattering portrait of her father, *Reith of the BBC*, Marista Leishman relates that the first Director-General kept a “hate list” that featured, at different times, Winston Churchill, Earl Mountbatten of Burma and Anthony Eden. The current Director-General, Mark Thompson, is a far more genial man than the irascible Lord Reith but he would have plenty of entries if he were to scribble a little list of his own.**

**Ben Bradshaw, the Culture, Media and Sport Secretary, has threatened budget cuts. His Conservative Shadow, Jeremy Hunt, has said that he would scrap the BBC Trust, the current regulator-cum-cheerleader, and suggested that he might even tear up the royal charter. In March, David Cameron called for the licence fee to be frozen for one year. It felt very much like a sign of things to come. Whatever the outcome of the next general election, a reduction in the size and scope of the BBC can be expected.**

**That is not an act of revenge for some perceived slight. The BBC has enjoyed generous licence fee settlements in an era in which household growth has been rapid but advertising revenues have been paltry. The scarcity of broadcasting space once made spectrum a valuable payment in kind to commercial companies who, in return, were happy to accept the tighter regulation of public service broadcasting. ....**

Chris Coles wrote:

We could imagine the loss of ITV, but not the BBC.

Independent television has to learn the lesson of HBO in the United States. HBO is very successful indeed and that success is firmly founded upon a subscription model; not unlike the BBC, other than the subscription is not imposed. The HBO subscriber sees value in paying the subscription. Creating a valued service for its customers underpins their success. Independent television needs to recognise that advertising can no longer satisfy their needs as a commercial entity; that their income model has reached a dead end. Sky TV has shown that it is entirely possible to provide a profitable service without a total reliance upon advertising. The best way to provide a competitive stimulus to the BBC is for the independent sector to recognise the lessons and compete, rather than for any change in direction being forced upon the BBC; whose subscription model works, delivers successful programs and is admired World Wide for its independence and quality of programming.

Politicians vying to damage the BBC, do so at their peril; the BBC is well loved and admired by we the people. I for one will not vote for any party that wants to, in any way whatever, damage the BBC.

October 21, 2009 9:52 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6882969.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6882969.ece)

From The Times, **Leading Article**, October 24, 2009

## **Recession, not Remission**

### ***High debt and weak growth continue to plague the economy***

**The late Edmund Dell, a former Labour Treasury minister, concluded a magisterial history of postwar chancellors by noting the varied ways in which “this country, a rich country by most standards, has repeatedly made itself contemptible through its inability to manage its own affairs”. France and Germany have emerged from a bitter recession. The UK economy, meanwhile, continues to contract sharply: data released yesterday showed that GDP fell by 0.4 per cent in the third quarter.**

**The figure was bad. It defied the expectation of economists and investors that the economy would have grown modestly. All sectors of the economy were weak, excepting a small positive contribution from government activities. A recession is defined as successive quarters of negative growth. The UK economy has contracted in each of the last six quarters. It is the longest recession since records began, in the 1950s. Its depth and durability intensify the problems for the Government and the Bank of England in making policy. ....**

Chris Coles wrote:

The Treasury's viewpoint is a classic desert mirage; an illusion of flowing water from one horizon to the other. Look, we are throwing prosperity all over the nation; you can see it!! Within this illusion, the traders at their computer screens in the “City” are like schoolboys playing with hose pipes in desert oases. If you sit at one of those City oasis computer screens, I am sure, you believe that you are in a very profitable business; which, in a sense it is. But please, if you step back from your desk and look up and over the top of your computer screen towards the horizon of the wider economy, you will discover that in your desert, the camel train carrying your trade NEVER strays beyond the path between the desert oases. Your prosperity does not extend, as with a real oasis, much beyond you. The rest of your view is that classic illusion. The Treasury meanwhile, can only fill your hosepipes. Neither you, nor the Treasury; have any reliable, working mechanism, set of accepted rules, that work, which EVERYONE ELSE may use to spread that essential water, trade, capital, prosperity; across the entire desert that surrounds you. Alistair Darling has to step out of his illusion and lift his viewpoint to where he too can see that, (while he is certainly helping the small number at the oases), he has no mechanism to spread that prosperity across the wider nation. Darling has to open a debate about how to capitalise the wider nation; beyond the confines of the City Oases. It is my understanding the Obama administration has set into motion a conference to debate the needs of small business in the US. May I be so bold as to suggest that The Times should also take the lead here in the UK, so that we may run a parallel conference, that will open the debate right across the Anglo Saxon financial economy? We surely have nothing to lose and everything to gain by stepping out of the illusion?

October 24, 2009 1:53 AM BST

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6888117.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6888117.ece)

From The Times, October 26, 2009

# Innovators just want to know that we care

## ***Britain's brilliant and lucrative digital talent needs support***

David Rowan - *David Rowan is editor of Wired magazine*

**Now some good news. From gaming to graphic design, iPhone app programming to interactive advertising, Britain is undergoing an extraordinary blossoming of talent-led innovation. In film and fashion, product design and public art, international taste-makers are proclaiming Britannia cool again. ....**

Chris Coles wrote:

Is it too much to ask why, when it is the City that is supposed to nurture new industry, which is what we are talking about here; that everyone assumes we must talk to government. Perhaps the real problem is precisely because we have all become so used to seeing the role of government to nurture, rather than our savings institutions. Government, Parliament, was always the font of the law; not the investor into new industry. But everyone has become so disconnected from the reality, even the editor of an internationally respected technology magazine immediately talks to government, and not to the original source of investment, the City. Why? What innovators need, desperately, is simply a reliable source of the equity capital, seed capital, investment that leaves them free, on free enterprise terms; they must have, to be able to take their innovations and make something out of them, as free individuals in a free society. But everyone sees government as the source of grants, support, and nurture; without recognising that the one thing any government CANNOT provide is that equity capital. We do not have ANY mechanism, today, to provide that equity capital. As for being off the ministerial radar, why was it on it in the first place? Let me guess, the government was the only source of sponsorship? Someone has to have the courage to bang heads together, HARD! Not in government, but in the "City". The savings of the nation, not taxation, is the seed capital of the future prosperity of the nation. But today, that seed capital is being thrown into the enormous black hole left by the collapse of the banks. We must stop throwing good money, our savings, after bad, and recognise that there is a much wider, totally unrecognised responsibility, to invest the savings of the nation into a future; for the nation. If we are to create a new, prosperous and free society led by the finest brains we have, our innovators, then that is the city's responsibility, not the governments.

October 26, 2009 8:16 AM GMT

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article6889765.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6889765.ece)

Note, (as of January 15<sup>th</sup>, 2010)

This is really interesting. David Rowan, the Editor, no less, of one of the worlds leading technology publications; Wired magazine, writes a guest column for The Times, London. He gets a single comment from me, a British inventor that The Times, no less, considers appropriate. Yet, not one word from David Rowan. He never came back to discuss my point of view with him for the further benefit of the readers of Wired. I wonder why?

From The Times, **Leading Article**, October 27, 2009

## Justice Mocked

***The obstructionist tactics of Radovan Karadzic at The Hague are an insult to due process and the victims of genocide. The court must try him regardless***

Radovan Karadzic's actions in the Bosnian war gave rise to the most repugnant euphemism since the Final Solution. This was "ethnic cleansing": the expulsion, incarceration, torture, murder and rape of civilians to create an ethnically homogeneous state. Call it barbarism, for short. When the war ended in 1995, Dr Karadzic went on the run. He was captured last year, having adopted the guise of a New Age healer.

Belatedly, Dr Karadzic's hour had come round at last. Or so it seemed. As the former self-declared head of state of a self-declared Bosnian Serb republic, founded on territory seized by terror, Dr Karadzic was indicted on 11 counts of war crimes, crimes against humanity, and genocide. His trial, at the UN International Criminal Tribunal for the former Yugoslavia in The Hague, was due to start yesterday. But he refused to leave his cell. His excuse was that he had not been given enough time to prepare his defence. Without the defendant or counsel to represent him, the Chief Judge adjourned the hearing till today.

To describe yesterday's proceedings as a farce is to underplay the deceit and turpitude of Dr Karadzic. He is intent not only on frustrating justice but also on openly mocking it. The crimes of which he stands accused, and their scores of thousands of victims, demand a proper reckoning. When the trial resumes tomorrow, the tribunal must speedily determine how to proceed.

The last thing it should do is acquiesce in Dr Karadzic's obstructionism and allow him more time to prepare. He has had a year already. Indeed, he had 13 of them before that, while he was dispensing bio-energy healing remedies to a credulous clientele. He must be held to account. ....

Chris Coles wrote:

With the very greatest of respects, the Court knew full well what was going to happen before the appointed hour and did nothing, took no action to ensure that the reputation of the Court, as a Court, was secured. The Judge, moreover, was smiling when discussing the matter on camera for everyone to see. That smile delivered a damning verdict upon that Court; a complete abrogation of the responsibilities engendered in its origins; the rule of the law. If that court does not make amends, it should be immediately replaced with a new team that will uphold the rule of the law. No one is above the law; not even the individuals that make up the Court itself. If that Court team are not prepared to uphold the rule of the law they should be recognised as being in contempt of the rule of the law and replaced immediately.

October 27, 2009 7:12 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6891186.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6891186.ece)

From The Times, Leading Article, October 27, 2009

## Separation of Powers

### ***Banks must serve first the depositors, but should not be barred from all risk***

**On the scale of the most derided professions, bankers fall several ranks below politicians, journalists, estate agents and the people who phone you during dinner to sell you double glazing. In calling for a temporary limit on the cash bonuses that commercial banks can pay employees, George Osborne, the Shadow Chancellor, is not likely to risk a public backlash.**

**But the issue that the Tories raise is more fundamental than just the monetary rewards of bankers. The commercial banks lend directly to retail customers and businesses. Mr Osborne argued for measures that would deter these banks from engaging in higher-risk activities. He proposed higher capital requirements for banks that trade securities for their own books, thus increasing their costs.**

**Critics charge that this is too limited a response. ....**

Chris Coles wrote:

But what is our aiming point? If it is the creation of a stable business environment; creating secure, stable, long term employment, jobs, then we need two financial inputs; equity capital, upon which you found the business and, working capital, as a loan from a bank. Most importantly, that working capital is secured against the equity capital base, ensuring financial stability for both the business AND the bank. Ergo, if a nation wants a stable business AND banking environment, it must have in place a reliable source of both inputs; capital and lending. We already know that banks have no recognised responsibility to anyone other than their shareholders. They simply provide the lending. They have no remit to provide the equity capital. We have streets full of banks, but not one source of that equity capital. We used to have savings institutions, that took the nations savings and invested them, at arms length, to provide that equity capital. But, as the financial services industry grew, everyone failed to recognise the implications of allowing the savings of the nation to become concentrated into the banks. In turn, the savings institution functions were replaced by government attempts at job creation; by trying to replace the equity capital with government grants. The unintended consequence was that the savings institutions disappeared from view; their function forgotten and consigned to history. We have to recognise that 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. When we separate the functions of the banks, we must also re-create the infrastructure to provide the missing equity capital. That will require a debate about the function and duties of new savings institutions and the powers we will need to put into place to be able to ensure they are fit for purpose.

October 27, 2009 8:46 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6891187.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6891187.ece)

This one gets interesting as I placed a comment late last night that again mentioned the book, *The Road Ahead from a Grass Roots Perspective* against this written by Patrick Hosking.

## **Big bank bullies v new boys: no contest**

***Just think – Virgin or Tesco could produce a new kind of customer-friendly bank. Think again***

Patrick Hosking Financial Editor

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article6894482.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6894482.ece)

But they did not put it up so this morning I posted a revision without the book title and that turned up on another page entirely, (see the next report below), but with the last three words missing. So I re-posted the missing words with a new comment, and that also went up immediately. Yahoo!! Enjoy!

From The Times, October 29, 2009

## **Taxpayers caught between Rock and a hard sell**

Ian King: Business commentary

Chris Coles wrote:

Patrick Hosking is correct to ask: "We may buy our homes for a lifetime, but we go along with the ridiculous process of remortgaging every two or three years. Why do we willingly submit to teaser introductory credit card offers that end up punishing any but the most disciplined and nimble of cardholders?"

The answer is very simple indeed; enforce free market rules. The problem is simply we are not operating a true free market for 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. A good example of where these rules must apply is to money loans termed for less than repayment, where it will take, say, 30 years to repay the loan in full, but the rate of interest paid changes downstream of the moment of the sale of the loan; after three or five years, the rate of interest changes to a higher rate; increasing the cost of the money loaned. 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. This is not a free market. Tell me where any of you have previously bought anything else and accepted the shop coming back after three years and asking for more money for what they sold you? No? No! You would have thought they were mad, so why so with finance? Why have we left this "minor anomaly" in place for so long?

A single sentence: "You cannot change any `deal' downstream of the moment of sale." Completely, permanently, eliminates the problem. So w

October 29, 2009 8:30 AM GMT

Chris Coles wrote:

Just to finish my earlier point, the last three words of my first comment are now included:

Tell me where any of you have previously bought anything else and accepted the shop coming back after three years and asking for more money for what they sold you? No? No! You would have thought they were mad, so why so with finance? Why have we left this “minor anomaly” in place for so long?

A single sentence: “You cannot change any `deal’ downstream of the moment of sale.” Completely, permanently, eliminates the problem. So why not?

And to add another from the points raised by Ian King above:

Perhaps everyone has missed the point about the retention of the bad half of the bank. Is that retention anything to do with the long term desire to create a government owned bank that will purport to “lend” to new industry; while at one and the same time, keeping alive the illusion that the “Industrialists” within the executive, can do a better job than the City? My suspicions relate to the well known fact that all public executives will do everything in their power to keep hold of an asset once it is in their hands. But, surely, it would take perhaps as many as a hundred new banks, all completely independent and spread right across the nation, to bring us back to where we started in the late 1960’s.

What we need today are new savings institutions tasked with creating new competition, not another clone of a failed system that has brought us to the edge of bankruptcy.

October 29, 2009 9:55 AM GMT

Someone then suggested a Royal Mail Bank and I put this up which arrived within moments:

Chris Coles wrote:

Remove the word “Bank”, and instead call it Royal Mail Savings. Then describe the new savings institution as the conduit for the local communities savings back into new local equity capital investment, into new, locally owned and managed small businesses, (local employers creating new local jobs), for everyone in your local community - for your local prosperity.

Then create rules for local investment, say, through local Capital Spillway Trusts, owned and managed by the local savers, not the government; certainly not the existing banking system. No bonuses, no high flyer costs, just simple, easy to understand rules for long term investment into free enterprise based new employment; in each and every local community right across the nation.

So, why not?

October 29, 2009 11:51 AM GMT

<http://www.timesonline.co.uk/tol/comment/columnists/article6894818.ece>



From The Sunday Times, November 1, 2009

## Low-carbon ventures ask US Dragon's Den for support

Tricia Holly Davis

**Four entrepreneurs will travel to America this month to face a Dragons' Den-style panel of investors offering up to £13m to develop their lowcarbon technologies. Each of the hopefuls will get 10 minutes to pitch their idea, from energy-saving solutions to renewable power devices.**

**The trip has been organised by the Setsquared Partnership, a collaboration of the universities of Bath, Bristol, Southampton and Surrey set up to nurture early-stage technology companies.**

**“Raising venture capital in Britain has been tough,” said Robert Beat of Bristol-based Silicon Basis, one of the firms going to the event in Boston. “Investors here are mostly saving their capital for existing investments and concentrating on late-stage technology, so the chance to pitch to American investors is well timed.” .....**

Chris Coles wrote:

As a British, Internationally recognised inventor, with US, Japanese and UK patents to my name, perhaps I have earned the right to ask a few questions about this news item. As readers of The Times comments well know, I have repeatedly asked the same question The Times itself asked; where is the source of equity capital for our SME's? This is an excellent example. Our seed corn, forming the foundations of the ongoing prosperity of the nation, has no UK, City, source of capital for their ventures. Why have these companies, by all accounts the best we have, no option other than to travel to the US? Why has UKFI become involved with this proposal? Why have they also, by all accounts, made the same arrangements to travel to China? They seem very proud of their efforts, but have they acted in the best interests of the nation? Did anyone travel the slightly shorter distance, from Whitehall, and talk to the City of London? UKFI must have known, (they are, after all, charged with such by Parliament), long ago, that as a nation, we inventors do not have any source of capital, so why have they not made long term plans to eliminate the difficulty? But then again, what is the difficulty? Is it in fact, that the true problem is nothing to do with the quality of the inventive spirit of the nation, but instead, revolves around the attitude of The City, including UKFI, to investment into new business here in the UK? In one way, I am grateful, for this news does more than highlight the problem; it brings it front and centre and shines a great spotlight upon it. Those of us that have had recent contact with the fringes of UKFI came away certain that we will not be seen as worthy of grant, without from the outset, being prepared to give up control of our venture. Why? Is the answer more to do with M&A mechanisms that bring introductory bonuses? Someone must take full responsibility for the national disgrace, yes, disgrace; of no source of fresh equity capital for UK industry.

November 1, 2009 4:05 PM GMT

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article6898018.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article6898018.ece)

From The Times, November 2, 2009

## Lessons we must learn from revitalised economies

Gerard Lyons, Economic view

**What does it require for the UK to be a world-class economy in the 21st century? This is a question we should always ask, but, as we emerge from recession, it needs to be a central policy issue.....**

**.....Equally damaging is a comparison by the OECD of research and development spending as a percentage of GDP. Some countries spend heavily: Finland 3.5 per cent, Japan 3.4 per cent, the US 2.6 per cent, Germany 2.5 per cent. The OECD average is 2.3 per cent. The UK is at 1.8 per cent.**

**The legacy of the financial crisis provides a great opportunity to focus on what the UK needs to do to build a truly world-class economy that is growing, balanced and competitive.**

**• Gerard Lyons is chief economist at Standard Chartered**

Chris Coles wrote:

It is generally agreed that to break out of an economy dominated by financial services, we have to return to a savings based, industrial economy; by saving more than we spend and for those savings to be re-invested back into a productive jobs. Designing and making things; rather than trading asset values. At the moment, by far the majority who might in better times save, are in fact grossly over borrowed. So for the majority, any savings has to be used to repay those borrowings. In which case, we have to have a secondary mechanism that will override the repayment of borrowings. But our Mutual savings societies were decimated by the previous restructuring of the financial services economy. We are thus caught in a classic dilemma; we need savings for investment, but have neither the savers, nor the institutional infrastructure, classic mutual savings institutions, to enable the new investments. At one and the same time, the government has concentrated upon rescuing the retail banks. But the banks are neither mutual savings institutions, nor have they any remit to invest capital into new industry. May I be so bold as to suggest a solution? Savers need a local community initiative, which takes their savings and re-invests those savings back into their local productive economy. Such equity capital investment into new, local, productive, job creation, will ensure that the savings are retained within their local community and cannot be lost to asset value speculation. While at one and the same time, by being deposited by a business into their bank account, the new capital will reinforce the stability of the banks. I have previously described detailed rules for such a system, local capital spillway trust funds, and all it needs is for government to describe rules for the establishment of these new mutual savings funds and for the City to pump prime the first stage of such a system. Has anyone else described a better solution? So, why not?

November 2, 2009 1:18 PM GMT

<http://business.timesonline.co.uk/tol/business/economics/article6898736.ece>

From The Times, November 4, 2009

## **Betting that America is on the right track**

Alexandra Freaun, US Business Correspondent

**“Warren Buffett, the world’s second-richest person, staked a \$34 billion (£21 billion) bet on the recovery of the American economy on Tuesday.**

**His Berkshire Hathaway investment vehicle is buying America’s second-largest railroad, Burlington Northern Santa Fe, and is preparing to pay much of the price in cash. It is Mr Buffett’s biggest deal in his 46 years at the helm of Berkshire and one of the world’s largest this year.**

**“The rail industry has changed in its position in the last five to ten years and it’s even more vital to transportation in this country than it was ten years ago,” Mr Buffett said.”**

Chris Coles wrote:

Anyone with even a cursory knowledge of the differences between rail infrastructure here in Europe and the US will know that the US is at least a century behind in the deployment of new technology on their railways. They do not have modern track nor any form of even moderate speed traffic, let alone high speed. Even worse, they never separated the track from the road network which may suite a system travelling at walking pace within cities, but has no place whatsoever in the modern world of high speed rail. Again, your report tells us that Berkshire has only \$20 billion in its coffers. Thus my question becomes, how is he going to fund the development of the system infrastructure? Perhaps a better question would be, did he come to Europe and make a considered evaluation of those differences? What is going to happen is that the cost of change is beyond the scope of the US for any foreseeable period in the future. Their banking and public funding systems are moribund and will not re-coup their recent losses for several decades. So all he is going to get at are the relatively low incomes from existing infrastructure. Moreover, if any new transport technology arrives to throw a spanner in the works, he will have nowhere to go. That 31.5% premium may, in time, be seen as one step too far for a man whose recent history shows, he is out of tune with events that even now; are shaping the world in unpredictable ways.

November 4, 2009 8:14 AM GMT

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/transport/article6901965.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/transport/article6901965.ece)

From The Times, November 4, 2009

## **GM scraps plan to sell Vauxhall and Opel to Magna**

Suzy Jagger, Politics and Business Correspondent

**Lord Mandelson will today seek private talks with the board of General Motors to discuss the future of about 5,500 Vauxhall workers in Britain after the American car giant scrapped advanced plans to sell its European business.**

**GM had agreed to sell Opel and Vauxhall to Magna, a Canadian car parts supplier, to raise cash after almost being bankrupted this year.**

**Last night the board of GM met in Detroit, where the carmaker is based, and decided to scrap the plan.**

Chris Coles wrote:

What everyone has to realise is that GM's losses were entirely centred in their finance division, GM Finance. They had gone off at a tangent and had become mired in the sale of house mortgages and the conversion of those mortgages into Collateralised Debt Obligations, CDO's, commonly described as Vapourware. But the Paulson plan, to helicopter in vast sums of new printed money to mop up the worthless CDO's, worked. And, at one and the same time, the car scrappage scheme has also allowed the manufacturers to robustly bolster their finances. There is now no chance that any deal will reappear, certainly not in the next few years. Not that anyone in Europe is going to listen, but, did anyone give any thought to creation of competition? No! I guessed not! So vast sums of money have been thrown at existing companies, just as with the banks and what have we received in return? Those of us who would be minded to compete are unable to even contemplate such. Why? Well the first thing we will need is a free market for access to the capital we would need to be able to create such competition. But we do not have ANY source of such capital. That brings us right back to Lord Mandelson's door and he has no idea what I am talking about. If he did, he would have set into motion a completely different course of action..... But that would have removed his power to make deals with existing manufacturers. With the final signing of the Lisbon Treaty, we have now embedded a system of finance that totally excludes any idea of competition by a new company trying to create new industry. We have to recognise that Europe has no vision beyond propping up existing players with vast grants and politically inspired intervention. Lord help us. Sic! Has anyone the courage and foresight to bring us back to free enterprise based, free market, competitive capitalism?

November 4, 2009 8:50 AM GMT

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/engineering/article6901920.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/engineering/article6901920.ece)

From The Times, **Leading Article**, November 4, 2009

## Lisbon and After

***The European political elite has shown its usual disdain for the popular will. But now that the Treaty of Lisbon has been ratified it is time to change the subject***

The refusal of the Government to allow the electorate a say on the Lisbon treaty has been a democratic outrage. The Government has veered unconvincingly between the argument that the Lisbon treaty does no more than rearrange the furniture and the wholly contrary claim that Britain's vital national interest is in peril if ratification does not proceed. Yet, to suggest that, just because the words "anthem", "flag" and "motto" have been deleted, the Lisbon treaty differs substantively from the original constitutional document is not just sophistry, it is an insult to our intelligence.

Chris Coles wrote:

Andrew Kelly wrote: What I would like to hear from any one - any one at all - who profess such wisdom and knowledge of what "democracy" is - how would YOU manage 27 individual countries with a total population of 500 million people and make it "democratic"?"

The answer stares us in the face; return to the values that once formed the phrase; Great Britain. What sort of people achieved that? They were individuals that stood out from the crowd; not career politicians, certainly not career lawyers. They formed the foundations of our culture through creating new products and employing the people of the nation to produce them. Moreover, in so employing the people, they knew from the outset of their success; that they had to carry the people with them to succeed. They were the product of a free enterprise, productive culture; innovators, inventors, scientists. But above all else; they were able to achieve their individual aims because they had, at the time, a belief in the power of investment back into the nation. They had access to the capital that formed the foundations for that prosperity. We were once well known as a nation of shopkeepers, but that description belied the underlying process that permitted so many to become the leaders of their local communities and then, to take that local experience and rise up that ladder of local success to go on to lead the nation. Today, all those shops are instead owned by multinational companies and our political institutions are moribund. We need to enable a new, local, community spirit of investment, which will, not just here in the UK, but right across Europe, permit the recreation of those lost values of responsibility for the employment and political leadership of the people. To achieve that aiming point, we must recreate a workable, free market, for the supply of the equity capital, on free enterprise terms; we will all need, to enable that new spirit of innovation and invention. So, why not?

November 4, 2009 10:12 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6901681.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6901681.ece)

From The Times, November 6, 2009

## Crown Estate's high rents 'pose a threat' to Hewett gas storage project

Robin Pagnamenta, Energy Editor

**A billion-pound project to develop Europe's largest gas storage facility in the North Sea is close to collapse because the Crown Estate, the owner of the UK seabed, is obstructing its development, *The Times* has learnt.**

Chris Coles wrote:

The answer is very simple indeed; Parliament must quickly pass a law that charges Crown Estates with the responsibility of developing gas storage facilities within the seabed they own. Make them entirely responsible for the development of the storage. If you like, treat them in the same way we see private land owners are treated when the state needs the use of land and uses compulsory purchase powers. In turn, Crown Estates will have to get up to speed with the provision of a knowledge base sufficient to enable them to be able to deliver the required facilities. No one will be able to argue they do not have sufficient capital to hand to enable such a development. Make that provision dependent upon a strict time frame too. No shirking their responsibilities. Once the new gas storage facilities are in place, the revenue they receive will reflect the free market price at the time of delivery to the end customer, less the overall cost of the facility plus inward gas cost. Once you put such an arrangement into place; alongside strict delivery targets for Crown Estates, then they can learn that a feudal attitude will not deliver the customer. They will have to learn the hard way that only competitive, free market price structures, will deliver the revenue they feel entitled to. Settle the matter, once and for all, before the next election. So, why not?

November 6, 2009 8:39 GMT

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article6905424.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article6905424.ece)

From The Times, November 6, 2009

## Treasury says Northern Rock may lose savers as Government pulls out

Francis Elliott and Suzy Jagger

**The Treasury expects Northern Rock to lose retail deposits worth billions of pounds once the Government removes financial guarantees from the state-owned lender in the spring.**

*The Times* has learnt that the Treasury is assuming that a significant number of savers will rush to flee the bailed-out bank once the Government withdraws guarantees that protected 100 per cent of deposits.

According to Treasury insiders, the Government intends to remove the 100 per cent guarantees in the spring so that the so-called “good” bank can be valued and sold back to the private sector.

According to the mortgage bank’s third-quarter figures, released on Wednesday, Northern Rock has about £19 billion worth of retail deposits on its books.

In the event that Treasury assumptions are realised, the exodus is bound to lower the price that the Government could attract in any sale of the good bank of Northern Rock.

Gordon Brown wants to be able to say to voters that one of the bailed-out banks is well on the way to being sold back to the private sector, securing a return on taxpayer rescue funds.

To prepare Northern Rock for a sale, the Treasury has been forced to slice the lender into two parts.

The “good bank” will house about £10 billion worth of mortgages and £19 billion worth of deposits, while the “bad bank” will contain the remaining £55 billion worth of mortgages.

Only the good bank will be sold to the private sector, while the bad bank will remain within government hands and run off until the term of existing mortgages has expired. There will be no new lending within the bad bank.

Chris Coles wrote:

Has anyone, over the entire history of investment and business, ever seen any bankrupt business treated this way? But drill down into the statement and we see two conflicting pieces of information; £55 billion of suspect mortgages and loans, (roughly 300,000 average mortgages), and, quote: “There will be no new lending within the bad bank.” That is a blatant lie. No bank today lends for the full term of the mortgage or loan. None! In which case, every one of those dodgy loans will have to be renegotiated as every one of them has a term limit related to the changes of interest rate built into the term of the loan. So, how are they going to play that? What are they going to do with the bad loans that have a built in “Killer” upgrade to the rate of interest charged? We need answers, now, not a moment to lose.

November 6, 2009 8:56 GMT

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/article6905484.ece?&EMC-Bln=GAME51F](http://business.timesonline.co.uk/tol/business/industry_sectors/article6905484.ece?&EMC-Bln=GAME51F)

From The Times, November 6, 2009

## **Worry over the economy worsens as Bank agrees further £25bn stimulus**

Gráinne Gilmore, Ian King, Suzy Jagger and Tom Bawden

**Fears over the fragility of Britain's economy were heightened yesterday as Bank of England rate-setters voted to print a further £25 billion to stimulate growth.**

Chris Coles wrote:

“Industrial output fell by 0.8 per cent in the three months to September, official data showed, a bigger drop than the 0.7 per cent estimate used by the ONS to calculate the health of the economy.”

First question: Has anyone a figure for industrial production from facilities owned by UK nationals? By that I mean, has anyone calculated how much income we lose, as a nation, from the outflow of profit from industrial production, owned by foreign nationals and companies? What is the figure for UK owned Industrial output?

“In a letter to the Chancellor to seek consent to extend the limit for quantitative easing (QE), Mervyn King, Governor of the Bank, said that there was evidence that the economy could be starting to turn around. However, he indicated that a lack of credit remained a constraint on growth. Mr King said: “On balance, the committee believes that the prospect is for a slow recovery in the level of economic activity, so that a substantial margin of under-utilised resources persists.” He added: “That will continue to bear down on inflation for some time to come.””

Second question: Am I correct to say that the overriding influence upon “under-utilised resources” will always be the lack of capital underpinning the resource? By that I mean, is it correct to ask; where are the mechanisms to enable the reconstruction of the UK national owned capital base for such UK owned production facilities?

Yes, I sound just like a cracked record, saying the same thing over and over again. But the questions remain relevant. We have streets full of retail and investment banks, all lending working capital to the erstwhile industrious; but not one savings institution providing the equity capital to underpin the resource and facilitate that lending. There is only one solution; we must put into place rules for the investment of the savings of the nation into that equity capital to underpin the resource. So, why not?

November 6, 2009 9:26 GMT

<http://www.timesonline.co.uk/tol/news/uk/article6905537.ece>



From The Times, November 7, 2009

## **Mandelson is the push UK industrial policy needs**

***In a speech to Bruegel, a Brussels think-tank, he talked about an “activist government” that would invest in innovation***

Carl Mortished: On the money

**It is a great pity that Peter Mandelson is a member of the Labour Party, because, if the runes are right, he will spend the next six months defending Gordon Brown, before looking for a new job. It's a shame because he is one of very few British politicians who recognises the big danger we face in Europe. It isn't rule by dead horse Blair or even an obscure Belgian; it is the collapse of industry and the collapse of investment in industry. It is the continuing drift of our manufacturing businesses to the East and South as they escape regulation and unachievable carbon targets.**

Chris Coles wrote:

An activist government that would invest in innovation?

The last time we heard such hyperbole was when a previous Labour politician, Harold Wilson, in a 1963 speech, pushed forward with “The White Heat of technology” sic! Back then, by opening a debate about the investment decisions of the City; and without fully realising the implications; Wilson signalled the recognition of the start of the long decline in the nation's industrial fortunes. Words are so important; would, could, should, all signal what might have happened, if only? You see, no government can answer “will” rather than would; for the very simple reason that neither politics nor bureaucracies attract original thinkers. Technology and innovation, invention, all stem from original thought; the best of which stems not from the employees of huge organisations, but from individual thinkers. The record of any such government investment is moot to say the least and history is littered with failed government initiatives. Not a wonder they use the word, would. No, the answer has to be sought elsewhere. What went wrong in the early 1960's? Why did Wilson set up his now famous committee to review the functioning of the investment decisions of the City? Back then, everyone laughed and held their course through the Thatcher years into what has now to be recognised as another, government inspired failure, The Services Economy. We have turned full circle. What we need is a government that recognises their responsibility to lead the nation; not invest in it. The City has been, very effectively, leaderless for some decades. Devil take the hindmost has been the driving force that asset stripped the nation's fortune; the capabilities of the working population who design and make the products, always needed by the nation. Whoever leads the next government has to put to one side the idea that they can invest and recognise that it is the City that must be led towards a new recognition of THEIR responsibilities.

November 7, 2009 11:36 AM GMT

<http://business.timesonline.co.uk/tol/business/columnists/article6907187.ece>

From The Times, November 10, 2009

## Where are all the virtuous bankers?

David Wighton: Business Editor's Commentary

**Hector Sants, the chief executive of the Financial Services Authority, is getting a taste for vetoing senior bank appointments. Eighteen candidates in the past year have been weighed in the balance and found wanting — and that was merely because they didn't understand enough about banking. Now Mr Sants wants them to be ethical, too.**

**It is a laudable ambition. High street banks seem to lurch from one mis-selling scandal to the next. Something has gone wrong with the culture of retail banking, and the way to change culture is from the top.**

Chris Coles wrote:

"Something has gone wrong with the culture of retail banking, and the way to change culture is from the top." Let us face facts; we are not going to find what we need within the upper Ranks of existing management, for the simple reason that they would never have risen within those ranks without being seen as clones of the existing paradigm. As son follows father, so managers follow the creed, or fail to gain traction within the bank. What has gone wrong is a failure to understand the true value of the use of competition. Within any large company you will find many, at a much lower level of management, that fully understand what is wrong and how to change direction. But they have no means to enter the fray and compete. The whole idea of competition is to have means to be able to step outside and try to do something new, but from your own viewpoint. To achieve that, you must have two things; access to the capital to create the business structure and full control of the new company. But, if your capital comes from the very culture that you are trying to break out from, then that culture will always inherently wish to prevent such change. Those of us that have tried to bring change, to compete at any level in today's business culture, find that we either abide by the existing culture or remain unfunded. That to get at the capital; you have to extinguish any hope of ongoing control. Ergo, to change the banking culture, we need to find a way to break out in a different direction; we must ignore the banks and seek an answer elsewhere. What we really need are new savings institutions; charged with the provision of the missing capital on appropriate terms. At the same time, everyone must relearn the lessons of community and social responsibility. Our savings must now be reinvested back into the local community, not as debt, as now, but instead, as new equity capital to underpin new, local community prosperity; built upon the strong foundations of local competition.

November 10, 2009 8:51 AM GMT

<http://business.timesonline.co.uk/tol/business/columnists/article6910295.ece>

From The Times, Leading Article, November 10, 2009

## Going Nuclear

### ***Britain needs to make an urgent start on building nuclear power stations***

**It is already too late to begin building more nuclear power stations. Even if new sites could be identified, the planning laws short-circuited and construction authorised within months, it will take almost a decade before new power plants could begin producing electricity. By that time Britain will be critically short of energy. Older nuclear plants will have been decommissioned, the gas-fired generators will be dependent on costly imported fuel and the exaggerated hopes for renewable energy generation will be left, like the few completed wind farms, blowing in the wind.**

Chris Coles wrote:

One would have thought that our national administration, charged with and thus accepting responsibility, to ensure the provision of electrical energy for the nation; would have laid down detailed plans that can be implemented at a moments notice. The fact is they did nothing of the sort. Instead, we have the spectacle of a weary government, coming forward with botched together plans; just a few months before an expected election defeat. What a wonderful example of poor political leadership! But they are not entirely to blame as this story starts with the political decision to implement monetarism, the brainchild of Milton Friedman, and take such responsibilities away from government and pass them to the private sector. That decision in turn led to the leadership of our electrical system being retired. Their out-lands, the electricity depots, replete with thousands of electrical engineers; at all stages of the development of their careers, were also summarily closed, staff retired and the depots put up for sale as building plots. The entire structure of their engineering career development was destroyed by cost cutting accountants paying no allegiance to the long term national need. The 132KV transmission system, linking all the old, now dismantled local power stations, was locked away and forgotten for decades. Do any of you realise that there are now less than five fully qualified electrical engineers, (CEGB trained combining full knowledge of generation, transmission, infrastructure and groundwork) in employment today? Moreover, several of which are already beyond retirement with no new entrants in the pipeline, because there is no such career path today. Nuclear is the least of our worries. Whoever leads after the next election must treat this as an unseen national emergency that, if left to drift any further; has the power to completely destroy our national economy.

November 10, 2009 10:23 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6910152.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6910152.ece)

FromThe Times, **Leading Article**, November 13, 2009

## Crack the whip

### ***A stronger Parliament would be a welcome outcome of the expenses saga***

**For a brief moment, the cloud over the allowance system in Parliament threatened a silver lining. Briefly, the argument moved away from moats into the quality of British parliamentary government. David Cameron and Nick Clegg made speeches about dispersing power and the Prime Minister asked Tony Wright, MP, the chairman of the Public Administration Select Committee, to consider how the power of Parliament might be fortified. Mr Wright is about to report and his conclusions may yet be the most welcome consequence of this whole sorry saga.**

Chris Coles wrote:

"The grip of the executive in Parliament is very strong. Releasing it is an aspiration of most opposition leaders that they mysteriously forget once the advantage of the grip is theirs."

A lifetime of observation has brought me to the conclusion that in fact, "the grip of the executive in Parliament" is the core problem that must be addressed above all other considerations. Moreover, once that simple fact is taken on board, then the answer becomes very apparent too; this debate revolves around secrecy, particularly with regard to the underlying work of the executive. They control our politics to their own ends; regardless of the long term effects on the majority of the nation's citizens. Again and again, we see disastrous policy decisions which, on the face of it were created and implemented by our politicians, but were in fact created by, and implemented on behalf of; the executive. Freedom of information has only lifted a small corner of this hubris. If there is one thing that must come from the expenses scandal, it is a recognition that Parliament is in place to act on behalf of, and for, the interests of the citizens of the wider nation outside of the executive; not to serve the overbearing interests, of the executive. We need a workable mechanism to be able to shed light, not just a little more light, but a very bright light, upon the work of the executive itself. Another Parliament with "Yes Minister" going on in the background; would be a complete abrogation of the responsibility engendered in being elected to represent the people of the nation. Mysteriously forgetting that duty once elected is absolutely unacceptable and must stop. How can we Britons stand proud as a beacon to the wider world; if all of our elected representatives, of the people of our nation, once in power; meekly follow the secret hubris of an unelected minority?

November 13, 2009 10:13 GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6914859.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6914859.ece)

From The Times, October 10, 2009

## The silence of the pension funds

Patrick Hosking: On the money

**One of the great mysteries of the past couple of years has been the extraordinary silence of pension funds. They are perhaps the biggest victims of the financial crisis, with billions wiped from the value of their investments. Few have more reason to complain about the reckless greed of bankers, yet there has been barely a peep from the sector. The National Association of Pension Funds (NAPF), the body with the authority, credibility and firepower to make its voice heard, has stayed schtum. Even today it refuses to criticise the banks who led the world over the precipice.**

Chris Coles wrote:

Their silence tells it all. Caught like a Fox with a Chicken in the mouth, immobile, red handed in the headlights, not knowing which direction to run, guilt written all over them. The pensions industry has been built upon the blatantly arrogant idea that they are "special" people, there to ensure the safety of our savings. However, once in place, these "special people" turned their collective backs upon any wider responsibilities towards the long term success of the wider nation and instead, grabbed the tools to rake into their combined pockets; as much of the savings as they could get their sticky hands upon. But there have been unintended consequences caused by bringing the savings of the nation into very large pools, called funds. You see, unlike water held behind a dam; there is neither any form of spillway to allow the surplus to drain over the top of the dam and downstream into the desert; nor does money evaporate to return as rain to moisten the economy. Instead, all the savings have become locked permanently into these funds and now, a large proportion of their value has been lost. Completely disappeared; gone! Where do we go from here? For some time now I have advocated a new set of rules for the investment of savings back into local communities as equity capital, under the supporting mantle of what I describe as "local" Capital Spillway Trust funds. These would be set up and run by the people themselves, as a community, to gather together their surplus savings and reinvest them back into local business initiatives. I advocate that, by so doing, the savings always remain in circulation locally, within their community, and thus cannot be permanently lost. I have also set up The Capital Spillway Trust as a non profit support organisation to support all these local community initiatives. Patrick Hosking, I take up your challenge; be the first to start the ball rolling and open the account for your local Capital Spillway Trust fund. So, why not?

November 13, 2009 4:22 PM GMT

<http://www.timesonline.co.uk/tol/comment/columnists/article6869017.ece>

From Times Online, November 16, 2009

## **Ask the Boss: Tidjane Thiam, chief executive of the Prudential**

**Submit your questions here**

**In the latest in The Times' Ask the Boss series, Tidjane Thiam, the chief executive of the Prudential, agrees to answer your questions.**

**You can ask the new man from the Pru anything you like.**

**For example, what are the most immediate challenges facing one of Britain's oldest and biggest insurers? How has the financial crisis affected the sector? What piece of regulation would Mr Thiam cheerfully rip-up?**

**Send The Times your question using the form below by Friday, November 20.**

**We will then select the best questions, put them to Mr Thiam and we will publish his answers on Friday, November 27.**

Chris Coles Question:

The Times will confirm that I have initiated a campaign to introduce rules for investment of savings as equity capital back into local communities to create well capitalised jobs for the long term stability of the national economy. The rules are set out in a free PDF book; The Road Ahead from a Grass Roots Perspective. I also propose a national conference to debate these rules. As an unfunded inventor, I can do no more than start the ball rolling. We need a sponsor. Will you please give consideration to the Prudential providing the leadership necessary from the "City" to add momentum to my proposals?

Thursday November 19<sup>th</sup>, 2009

[http://business.timesonline.co.uk/tol/business/movers\\_and\\_shakers/article6774598.ece](http://business.timesonline.co.uk/tol/business/movers_and_shakers/article6774598.ece)

After asking the above question, I wrote directly to Mr. Thiam to ask if he would consider sponsoring The Capital Spillway Trust. Later still, his office did confirm they had received the letter and that I should wait for a reply. As of January 15<sup>th</sup>, 2010, I have yet to receive an answer.

From Times Online, November 13, 2009

## Royal Navy failed to open fire as pirates seized Britons

Chris Coles wrote:

fred fred wrote: "In the best of British diplomatic means, we need to 'befriend' and arm the most popular pirate faction, and 'help' them control the area. The arms and monetary assistance will be less expensive than any future ransoms. Then the governing group could be used to secure oil and mineral rich areas, where British companies could be used. The extra revenue raised through this means could assist the ruling pirate group to be dominant and quosh the other factions. Then we wouldn't get our hands dirty, make peace in the region, stabilise the area and generate revenue that would benefit the entire area. Come on british foreign office and trade guys. Pull your fingers out!"

But we do this all the time: Saddam Hussein comes to mind as also, more recently, a man called Karzai. It is precisely these ideas that have brought us to the point where we are left with the situation we have today. Where the thieves and murderers, pirates, are all friends or, more precisely, POTENTIAL friends of the foreign office and as such; must at all times be left unharmed and free to continue.

What this actually shows us is that we have reached the bottom of the barrel; which in turn is covered with the slime of the worst people a human society can produce. Moreover, the ethics of our government departments have sunk so low; we insist that our fine Navy ship captains have to now treat with these people as our friends. "Release them, quickly; we need to be able to talk to them in the future - (My gosh, I will probably be Knighted for creating another foreign office outpost opportunity), and never mind the ethics – we don't bother with minor details like that any more you know"

On this basis, the United Kingdom has already become an outlier of a small nation called Somalia with our Navy Captains bowing in deference to our new rulers; pirates from the East coast of Africa - who no doubt now qualify for a grace and favour apartment in Whitehall.

Nelson would have cried t

November 21, 2009 9:08 AM GMT

Chris Coles wrote: To finish my point completely:

On this basis, the United Kingdom has already become an outlier of a small nation called Somalia with our Navy Captains bowing in deference to our new rulers; pirates from the East coast of Africa - who no doubt now qualify for a grace and favour apartment in Whitehall.

Nelson would have cried tears of shame!

November 21, 2009 9:30 AM GMT

<http://www.timesonline.co.uk/tol/news/world/africa/article6915658.ece>

From The Times, **Leading Article**, November 21, 2009

## European disappointment

***From the beginning, the filling of the EU posts has been an embarrassment***

**Today is a moment for celebration. For fifty years the European Union has divided British politics. But now there is harmony. From the most Eurosceptic to the most Europhile there is agreement. The EU has embarrassed itself.**

**There is not a single part of the selection of the new EU President and High Representative that anyone can look back on with pride.**

Chris Coles wrote:

The worst is yet to come; we will one day be faced with a small group of prescient individuals that, perhaps, already; see the opportunity to take Europe back to when it was ruled by strength. A new Napoleon will emerge supported by a cabal that will also see their opportunity to stuff power and money into their pockets at the expense of the majority. They will rule ABSOLUTELY and will brook no debate that will argue against them.

Mark my words well; they will come to pass.

November 21, 2009 9:22 AM GMT

Chris Coles wrote:

Charles Dumont wrote: "In continental Europe, we will never understand the British people. You do not want the EU to be a strong institution and when its first president is elected your first reaction is that he (would) not be strong enough.

If you hate the EU so much, why stay in it...."

Speaking for myself, until very recently I was a wholehearted supporter of the whole idea of Europe. I have European family. I have also been awarded an honourable mention for the Tour Eiffel de la Space competition. Indeed, I have been publicly compared to Gustav Eiffel by the French Government.

So what has gone wrong? We the people, did not elect anyone.

M. Dumont; Europe, as an institution, is there to support the people; not to support itself.

By the same token, the people are a disparate group that includes all shades of thinking. The institution of Europe has to be able to include everyone. Some of us are from cultures that have always regarded our freedom, as private, free individuals; to be the most profoundly important aspect of our lives. Yet, we grew up within a nation that was, when we were children, ruler of great swathes of the planet. That experience has given us a deep insight into what was wrong about the underlying thinking, here in our own nation, which suppressed the very freedoms that we hold so dear; when it came to other peoples, from other nations.



We see, perhaps better than anyone outside of our culture, what is deeply wrong about any group, that has an aiming point of control; without the full and freely given permission of the people. We have seen, with our own eyes, from our own history; what is dreadfully wrong with such a philosophy.

Europe has to learn the value of allowing the free expression of the will of the people to freely go about their lives, as they wish; not as the institution called Europe wishes.

Europe must learn that lesson from the British people; to succeed, as an institution; created by all of the people, for all of the people.

November 21, 2009 2:25 PM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6926173.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6926173.ece)

From The Times, November 23, 2009

## **CBI prepares to spell out the shape of things to come**

Gráinne Gilmore, Economics Correspondent

**The Director-General of the CBI will say today that businesses in Britain are set for the biggest root-and-branch shake-up in more than a decade.**

**Richard Lambert will outline how companies are set to cut their reliance on bank lending, reduce their exposure to risk and create a more flexible workforce at the CBI's conference annual conference in Central London.**

**Gordon Brown, David Cameron and Nick Clegg will all speak at the conference, which carries the slogan "Routes to recovery", as they try to sway influential business leaders before the general election next year.**

**The CBI report *The Shape of Business — The Next Ten Years*, which is being published today to coincide with the employers' organisation's meeting, says that the "shock" of the recession will force companies to alter dramatically the way in which they operate.**

**"There are important questions around how businesses are going to finance growth and investment in the future," Mr Lambert told journalists on the eve of the conference. "In a more collaborative, less transactional world, closer relationships with customers, suppliers, employees and shareholders look like becoming the new norm."**

**Mr Lambert wants the Government to close the funding hole created by the restriction of bank lending. He suggested the creation of a new-style Industrial and Commercial Finance Corporation (ICFC), the body originally set up in 1945 to deliver finance to businesses. It transformed into 3i, the private equity group, in 1983.**

**"Why not make it easier for companies to raise money locally, perhaps through new regional banking and investment institutions, rather than having to rely on a few very big players in London and Edinburgh?"**

**The CBI leader's proposal comes as Christopher Rowlands, a former senior executive of 3i, is preparing to submit his review to Lord Mandelson on possible government help for small and medium-sized enterprises to access funding, before next month's Pre-Budget Report.**

**Mr Lambert highlighted how some sectors had been hit particularly hard by a downturn in the availability of credit, with official figures showing that the share of bank lending to UK factories fell from 29 per cent to only 5 per cent between 1986 and 2008. Over the same period, lending to property companies more than trebled from 11 per cent to 36 per cent.**

**He also called on policymakers to cut the cost of raising equity for smaller firms by allowing them to offset that cost against tax.**

**Nearly half the 66 companies surveyed by Deloitte, the accountant, for the CBI, said that their ability to access bank finance had declined during the recession. Although 53 per cent of companies think that this situation will improve next year, many said that**

**they would make more use of other sources of finance, such as equity-raising, bond issuance and finance from suppliers and customers.**

**“Perhaps we will see a flourishing of supply chain finance, in which firms with the largest, most solid balance sheets help finance their smaller suppliers or customers,” Mr Lambert said.**

**Companies’ attitude to risk has changed, according to the report, with more than half of businesses saying they are now less tolerant of risk in their levels of gearing, and two thirds saying that outlook is unlikely to change despite economic recovery. “One important message from the report is that companies will want to take lower risks with their balance sheets for some time. The cost of credit is expected to be higher and banks will be more risk averse,” Mr Lambert said.**

**The CBI report says that workers would also be affected by the new business climate, predicting that some companies would rely on a smaller “core” workforce and add to this with a higher proportion of “flexi” workers to fill in gaps. However, it admits that this could cause some workers problems, such as with pension contributions and securing mortgages, as earnings would be less stable.**

**The business body argues that the move potentially could exacerbate the skills shortage, as companies are less likely to invest in training for temporary or part-time workers.**

Chris Coles wrote:

**“Why not make it easier for companies to raise money locally, perhaps through new regional banking and investment institutions, rather than having to rely on a few very big players in London and Edinburgh?”**

That statement is very welcome indeed, but we have to ensure that what we eventually arrive at will work to eliminate the structures that have caused the problems in the first place. History shows us just how fast the rules were changed back to suit an unworkable model for the majority for the benefit of a few. We need a much greater emphasis on equity capital and ensuring that any recipient is left free and is not, as today, automatically drawn back into the maw of the existing investment banking system that has only one interest; how to maximise their bonus income from M&A.

Any new institution must be underpinned by a set of agreed rules that ensure the long term stability of the next generation of companies that will stem from the exercise. If all we do is turn the clock back a few years to start the same instability all over again; we will not succeed. We have to change the way we all look at the creation of new companies and ensure that, from now onwards; the underlying capital structure suits a free enterprise and a completely free market nation.

November 23, 2009 11:53 AM GMT

<http://business.timesonline.co.uk/tol/business/economics/article6927626.ece>

From The Times, **Leading Article**, November 24, 2009

## The Politics of Business

***Gordon Brown and David Cameron do differ on the route back to economic growth. The most important thing is a credible plan to cut the public deficit***

At the CBI conference yesterday, Gordon Brown said that “our strategy for growth is not at the expense of necessary deficit reduction — it is absolutely central to that objective”. David Cameron then said that “dealing with this deficit is not an alternative to economic growth — the two go hand in hand”. Mr Brown says that growth will reduce the deficit. Mr Cameron says growth is impossible without reducing the deficit first. Mr Brown is so committed to reducing the deficit that he has made it illegal to fail. Mr Cameron wants him to hurry up. What is British business to make of this political exchange?

Chris Coles wrote:

Having now read the CBI report headlining the meeting, it becomes clear that the one thing we must now debate is the underlying lack of prosperity. It is prosperity that will drive us out of recession; not spending cuts and certainly not more government spending either. There can also be no doubt that it will be the small business sector that will drive that new wave of prosperity forward. So the answer lies in creating, as quickly as possible, a substantial increase of the small business sector. That in turn will bring rewards associated with the increase in research and development that comes from their smaller size and speed of decision making. Innovation always drives prosperity forward, so the more the merrier. But here the report makes it quite clear that there is no question that the small business sector lacks the necessary source of capital; to be able to strike out towards greater success. Instead, they show they will have to rely upon trading in a weak marketplace to develop their businesses by reinvesting turnover; or, using hand me down funding from their larger customers. Again, we see that the CBI has still not learned the lessons from the embedded function of large companies buying up smaller businesses. It is surely this mechanism, underpinning M&A, which has driven the bonus culture of the investment banks; to the detriment of the stability of the financial system underpinning the entire nation. Now we can clearly see from this analysis that the only way forward is to move, as quickly as possible, towards a new wave of small business creation and that in turn must be underpinned with the savings directed, not towards paying off debt, or higher taxes to pay for increased government spending, but back into the necessary equity capital to underpin the required drive towards new prosperity built upon the small business sector.

So, why not?

November 24, 2009 12:07 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6928890.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6928890.ece)

From The Times, November 25, 2009

## **Bankers think it's all over. Time to think again**

***Financiers think they are indispensable to Britain. But times have changed. They face opposition at home and abroad***

Alice Thomson

**A long, long time ago — two years ago to be precise — there lived some baddies with names like Adam Applegarth and Fred Goodwin, who almost destroyed the country. But that's all history now, or rather just a "story", as David Hare calls his new play, *The Power of Yes*, about the global financial meltdown.**

**How the bankers laughed when they went to see it at the National this week. "That's me," said one managing director when the actor crowed at the end: "I still have my health, wealth and wife." They grinned when the former Lehman's banker admitted that the employees had nicked all the Milky Ways and crisps from the canteen on their way out. But the part they liked best was when one character explained that the City had accounted for 9 per cent of the economy and generated 27 per cent of the country's taxes.**

Chris Coles wrote:

steve pimblett wrote: "I'm seriously considering a local credit union, at least it benefits the local community and the disadvantaged!"

As many of you now know, I have described a new set of rules for the investment of local community savings, back into the local community as equity capital; to support the creation of new jobs in each and every local community in any nation. From that starting point, I have proposed that anyone may create their own "local" (add the name of your local community here), Capital Spillway Trust fund. Once you set that into motion, it then becomes easy to see how everyone in such a local community would have a vested interest in creating their own local credit union. Thus the savings of the community are retained within the community to the benefit of the community; not to the benefit of the "City" bankers.

To reinforce this idea, I have been posting related comments on this web site, but all this new thinking was not set into motion to make me money, far from it; instead, I set out to give everyone else a chance to change direction and make a new start for themselves. Please, take my new thinking, and, as steve pimblett suggests above, make your own way forward. But the new government must also consider that we do need a new bank into which these new local credit unions will place their deposits; and thus completing the full circle. I have set into motion a debate; and created a simple structure of rules. Others like pimblett also see their own input; but a nation needs political leadership too. So any news that shows us at the grass roots, that those at the top also understand their responsibilities, is very welcome news indeed.

November 25, 2009 11:15 AM GMT

Chris Coles wrote:

david murphy wrote: “SO if 'the city' goes into decline, what do we replace it with? “ The greatest illusion perpetrated by the Finance, Insurance and Real Estate, FIRE economy has been that, from now onwards, what jobs they have created, is all we can expect or hope for.

Nothing could be further from the truth.

Look around you; everything you have has to be replaced. Nothing much lasts a lifetime. Every new family needs to add their needs as well. What everyone has to learn anew is that in the past, almost everything you bought was manufactured in your local communities. Yes, some communities made a speciality of a particular trade. Your knives and forks came from Sheffield, your plates came from Staffordshire. But the more you dig down into this history you will discover that we had a furniture maker, or a blacksmith, or again a farm equipment maker in almost every town, same for a wide range of products. In turn, those local employers were the leaders of their communities and the companies they ran were the source of the apprenticeships and thus the mechanism to pass on the local skills, generation to generation. We were once the most prosperous nation on the planet, yes, simply making things for others to use. All we need to do is believe. Believe that it is possible for someone to start anew and make something of themselves, working alongside their community, within and for their local community. No one forces us to be slaves to a banker. Wake up, look up and see the future; it is all yours if you put in the effort. But remember one thing; Adam Smith was absolutely correct to point out that: “The number of useful and productive labourers, it will hereafter appear, is everywhere in proportion to the quantity of capital stock which is employed in setting them to work, and to the particular way in which it is so employed.” You have to invest your savings as equity capital to create those jobs.

November 25, 2009 2:39 PM GMT

Chris Coles wrote:

John Gerard wrote: “Chris Coles Interesting theory. But the problem is the cost to produce these goods locally is far in excess of the cost to produce them in Asia. People will buy the cheapest so all the locally produced will not sell.“

John Gerard, that is easy to answer; at what cost have we borne the cost of the “City”? In the classic sense, we cut off our nose to spite our face. We can have everything we want at a sharp price, but the long term price we pay is no jobs, no money, no industry, no work for our children; a collapsed economy. We have to recognise that price is nothing, if we end up living as slaves to a bunch of bankers, for that is the price we have paid for the cheaper goods.

November 25, 2009 7:12 PM GMT

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article6930428.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6930428.ece)

From The Times, **Leading Article**, November 27, 2009

## **Blond ambition**

### ***The Tory leader wants more than one philosopher around him***

**His best ideas are cloudy, his clearest ideas are eccentric. He wants the Post Office to be the nation's retail bank and supports a "considered rejection of social mobility". So what is it in Philip Blond that David Cameron finds so attractive? It must be something, because Mr Cameron has attended not one, but two, launches of think- tanks established by Mr Blond within the past year. It's enough to have Mr Blond described as the Conservative "philosopher king" and ensure that the two men will be for ever linked, even if years were to pass before they met again.**

**The reasons for Mr Cameron's sponsorship of Mr Blond's efforts are twofold. The first is that Mr Blond's romanticism is partly shared by the Tory leader. While Mr Cameron rejects most of the think-tank man's wilder economics, he is attracted by the latter's support for civic bonds and old-school conservatism.**

**The second motive is more hard-headed. The Tory leader wants diverse opinions around him. He does not want to be the prisoner of a few traditional think-tanks that offer up only ways of cutting the size of the State and reducing taxes.....**

Chris Coles wrote:

The Times is correct; we do not need "more pressure groups for orthodox right-wing thinking than generators of new ideas". At the moment, politics appears to be dominated by lawyers and it is also fair to say that economics, (certainly when we look at banking and finance, including the finance of innovation), is currently dominated by traders centred upon buying and selling companies, rather than the provision of long term equity capital and associated support. Having said that, surely it is also correct to point out that the long term vitality of the nation has always rested upon our ability to invent and innovate. We are recognised, world wide, for the quality of our inventions and innovations; yet, equally, it is also very well known, that we do not provide any worthwhile financial support to protect the inventions. For the last few decades, the individual inventor or innovator has been an irrelevance to those keen to gather up into their control, any company they can get their hands on, to trade with in M&A. Whomever leads the nation needs a keen eye to be able to spot those that have claimed to support innovation, yet ask the inventor or innovator, before first contact, to define an exit strategy. Inventors do not invent to sell out at the earliest opportunity to a foreign sovereign wealth fund owned company; we invent for the benefit of our nation, first and foremost. If David Cameron is to succeed, as leader of the United Kingdom, he must bring together every fresh thinker he can find; for whatever else we know for certain, the last few decades have not brought us clear, new, successful thinking. Changing direction, away from the existing mindset, will take great courage. So, how do we bring forward new ideas? Perhaps, in a very real sense, we need a new Round Table, but with the seats filled with free thinkers, inventors, innovators. So, why not?

November 27, 2009 10:16 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6934097.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6934097.ece)

From The Times, **Leading Article**, November 28, 2009

## Boyle's Law

### *Losing is sometimes winning and vice versa*

Susan Boyle did not win *Britain's Got Talent* but her album sold 134,000 copies on its first day. George Sampson did win but there is no market for a break dancer from Warrington. Lemar did not win *Fame Academy* but his album sold half a million copies in two months. Alex Parks did win but has not released a record for three years. Thierry Henry won the match but lost his reputation. And Gordon Brown ... well, you get the idea.

John and Edward Grimes, the Miliband brothers of popular music, will not win *The X Factor* but they may yet make a fortune, although nobody is quite sure how. Handled well, losing controversially could prove to be a good deal more lucrative than just winning in the manner of, say, Steve Brookstein, last seen — though not by many — playing Pizza Express in Maidstone.

Paul Newman once said: "Show me a good loser and I'll show you a loser." Newman had clearly never met Eddie Edwards or John Sergeant, his ballroom dancing counterpart. Americans may not understand the idea of lauding the loser but the British do it so often that it all but has the status of a national characteristic. Can there be a more British scene than Noel Sullivan, the once-upon-a-time male lead of Hear'Say, getting booed in Cardiff as he dances to erstaz versions of the tunes of a Muslim convert, Yusuf Islam, the former Cat Stevens?

Sullivan has found twice over that the public decide who wins. Churchill once said: "Success is going from failure to failure without losing enthusiasm." It is not likely that Churchill was talking about Darius Danesh, who made it to the West End despite failing to win either *Pop Idol* or *Popstars*, but it applies all the same.

Chris Coles wrote:

Everyone has written this tiny nation off, more than once. We are supposed to be so deeply in the mire, we have no chance to regain our past glory. But they should remember that the United Kingdom was built upon fine engineering and the most remarkable inventions. We only have to show the courage to succeed and we will; emphatically so. And yes, to top it all; the very best is yet to come; we will succeed again, just wait and see.

November 28, 2009 9:55 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6935624.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6935624.ece)



From The Times, November 30, 2009

## **Central Bank of the United Arab Emirates takes hard line as Dubai counts soaring cost**

Rhys Blakely and Hugh Tomlinson in Dubai

**The fate of \$65 billion of unfinished Dubai property projects was in the balance last night as Abu Dhabi and the Central Bank of the United Arab Emirates prepared to take a tough line over bailing out the stricken Gulf state.**

**The UAE central bank intervened yesterday, setting up an emergency liquidity facility for lenders in the second-largest Arab economy. Its move was designed to head off a run on local banks when they re-open today after a four-day holiday.**

**The rulers of Abu Dhabi are expected to make a statement before the markets open on whether they will bail out Dubai and which businesses and projects will be rescued. Such a statement would be a key test of financial stability in the region.**

**Senior analysts in the region expect that projects regarded as folly will not be backed but operations and investments with a strong business model will be .....**

Chris Coles wrote:

Try this edited comment taken off iTulip.com

<http://www.itulip.com/forums/showthread.php?p=136089#post136089>

“..maze of unsustainable retail insanity that would make the most hardened shopaholic reach for some insulin... interested in how a Johnny Rockets burger joint could exist at the very back of a never ending maze of dead ends with us as it's only customer of the day to that point(according to the Phillipino staff). While I waited for my burger ... watched 6 staff at different and equally dead-ended micro-businesses like a cotton candy vestibule stand around and do absolutely nothing and serve absolutely no one during our hour long stay.....what was far more disturbing was the staggering number of people just standing around in a retail purgatory that surely cannot exist forever off the largesse of the small number of impeccably dressed local citizenry sitting in Starbucks all day sipping coffee and talking endlessly on their mobile phones.... opinion of Dubai burned with three experiences: 1.) That Johnny Rockets economic nightmare 2.) The sudden and drastic change in attitude from benign disgust to overly friendly indifference from the local citizen working in Customs when he saw my passport placed me in a category merely one or two levels beneath himself...while he continued to treat those around me from Kenya/Phillipines/Pakistan like animals. 3.) While riding in the back of a Burj Al Arab hotel car to the Skyview Bar for a few drinks with my wife I couldn't help but point out to her the white buses full of foreign workers who looked more like broken prison slaves than happy workers in drastic comparison to our evening filled with a brief taste of excess. It was a very troubling experience.....that leaves me with far more questions than answers. Dubai feels like a thin and fragile vaneer holding back the desert only as long as the money flows.”

November 30, 2009 11:13 AM GMT

Chris Coles wrote:

peter ashworth wrote: another chapter closer to the end of capitalism?

No, for the simple reason, this is not capitalism it is feudal mercantilism. What is very clear from all these reports is that our bankers have no interest whatsoever in maintaining a civilised free enterprise culture, where respect for the individual and the rules of ethics would always be paramount. We live in a free nation, the United Kingdom, because the majority have, over the last century or so, come to the conclusion; that that way of life is the best we can achieve. For exactly those self same, unselfish reasons; we cast off slavery a long time ago. Today, our financial institutions have abandoned us to our fate. They see no responsibility for the preservation of a free society. We are their cannon fodder to rip off, gouge, exploit; regardless of the fact they reached their ivory towers by climbing out of a free society to the lofty heights of their ill begotten gains on the backs of the very society they now reject. But this gives us the fulcrum for the required change; the need for ethics and responsibility in finance. Leaders across the planet are debating how we bring the banks to heel and serve our long term interests. Surely the first question to be asked is; are they honest men imbued with a respect for the societies they serve? Have they a long term track record of service to the creed of a free enterprise, free nation, where anyone may succeed by dint of honest enterprise. From now onwards, if any fail that first test, they should be rejected as unsuitable to lead and if they refuse to stand down, be shunned by everyone. Governments must recognise that they have a duty to lead against such folly; rather than as now; play lap dog to the feudalism. This is not the last chapter; it must be the end of a despicable era that has no place in any civilised, free society.

November 30, 2009 2:11 PM GMT

[http://business.timesonline.co.uk/tol/business/markets/the\\_gulf/article6937016.ece](http://business.timesonline.co.uk/tol/business/markets/the_gulf/article6937016.ece)

From The Times, November 30, 2009

## **Wanted: new merchants of light**

***Modern problems of climate and ageing will only be solved if we value young talent in science***

Martin Rees

Chris Coles wrote:

One is left to wonder if any of the "Giants" of the past, if they approached the Royal Society with their new thinking, (as amateur scientists), today, would be shunned. Today, modern science is dreadfully afraid of new thinking.

November 30, 2009 11:26 AM GMT

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article6936963.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6936963.ece)

From The Times, Business, Banking and Finance, December 2, 2009

## **City showdown likely as Treasury seizes control of RBS bonus pool**

***The Treasury demanded the right of veto over both the size and terms of bonus payments for thousands of its bankers***

Miles Costello

**Alistair Darling was heading for a clash with the City's biggest institutional shareholders last night after the Treasury seized control of the bonus pool at Royal Bank of Scotland.**

**Institutional investors raised concerns about RBS's ability to compete with rivals after the Treasury demanded the right of veto over both the size and terms of bonus payments for thousands of its bankers. ....**

Chris Coles wrote:

A corporation founded on shares is always assumed to balance the need for a profit, (to be distributed between the shareholders), and the overall overhead cost of sales for the corporation. In any normal business, trading, say, potatoes; the shares pay all the cost of establishing the business and working capital, (borrowed from a lender), pays for the purchase of the potatoes to bring them into the business and to then pay all the costs from purchase to final sale onwards for a profit. So borrowings must be kept to a minimum, as also the cost of such borrowings. Every business has to keep their internal overhead to a minimum. As a result, wages and salaries are always kept to that level that ensures the business runs efficiently without excess cost. When we look at any financial institution, including a bank that takes in the savings of the people of the nation; there are three differences. 1. Savings are not capital in the form of shares. 2. Savings are not lending as working capital. 3. The ownership of the savings remains with the saver. Indeed, it is precisely these three differences that have driven the laws that underpin the safety of the savings and are also why only legally accredited institutions are permitted to take deposits of the savings. Savings are neither shares nor working capital. Ergo, it is the duty of the savings institution to employ the share capital and the minimum working capital, to produce as much additional income for the saver with a caveat. The caveat is that they create the additional income for the saver in addition to the institutions reasonable fair share of profit, distributed only to the shareholders – using the lowest overhead possible, as with any other business. The problem is that these differences have been forsaken and today, the employees of the financial institutions believe they, and not the savers; are the rightful recipients of the surplus income. The “City” is wrong. All the surplus income belongs to the savers.

December 2, 2009 8:52 AM GMT

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6939950.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6939950.ece)

From The Times, Guest Contributor, December 4, 2009

## **A degree of passion is what's needed most**

### ***The Black & Decker Workmate, the folding bicycle – we must allow the talent of our 'hands-on' enthusiasts to flourish***

The Duke of Edinburgh

**Today within the engineering industries, there appears to be growing anxiety about the recruitment and training of apprentices. .... A generation ago, only 8 per cent of school-leavers went to universities. The figure today is 42 per cent. The result is that, out of a school-leaving population of some five million, only about 20,800 engineering apprentices completed their training in 2007-08, while the very modest total of 15,000 advanced apprentices completed their training in 2006-07.**

**Yet engineering remains the driving force behind all technological advances, and plays an immensely important part in the improvement in social conditions. Furthermore, it is probably the greatest wealth creator in our whole society. But I suspect that while our present system of training engineers is fine for those who may have a burning ambition to become professional engineers, it may not attract those who enjoy using their manual skills to make things, or even just to repair things. ....**

Chris Coles wrote:

"Many of our pioneering engineers started without any formal training but had a passion, and a talent, for invention and development." The Duke is absolutely correct, and what a wonderful thing to say. In the past, the only way to the top of a manufacturing company was to take an engineering apprenticeship, study for HNC and HND, become a part of the structure of the company where you started at the bottom and worked your way to the top; working through every job in the company. Yes, the majority stopped at that job that suited them, permitting them the stature of being accepted for what they contributed. But the very best rose right to the top of the company and, in so doing were known and admired by everyone. What went wrong? Certainly not education! We stopped investing in small manufacturing companies in their local communities. We changed the ethos of investment of savings from one where, anyone coming forward to create such a business was automatically funded by someone already successful, within that community; to one where the savings were taken into a savings institutional structure that would not make such investment. Today, the main board members are not taken from the structure of the business, but brought in as "friends" of the institutional investors. Today, the fastest route to the boardroom is via Eton and could not be further from the origins of our industrial success. And as a consequence, the new managers could not hold the respect of the employees, who turned against them; leading to the bitter industrial strife that has destroyed this once fine manufacturing nation. Almost all companies are nowadays frequently bought and sold by the financial institutions, seldom remaining under the same board of directors for more than a few years. Our only route out of this mess is to return to the origins of our success; local community investment into small companies that are given the time to grow naturally into the leaders of tomorrow. So, why not?

December 3, 2009 11:38 PM GMT Recommended (30)

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article6943355.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6943355.ece)

From The Times, December 5, 2009

## Glazer family hit the wall over refinancing of Manchester United

James Ducker, Helen Power

**The Glazer family, the owners of Manchester United, are struggling to refinance their enormous debts amid concerns about the impact they are having on the club.**

***The Times* understands that the Americans have been trying unsuccessfully to secure a refinancing package for part of the club's £699 million debt for months, having failed in 2007 and last year, because of the bleak global economic climate. ....**

Chris Coles wrote:

This report and the same for Portsmouth are much more significant than a sport story as it opens up the debate to the embedded dangers of what we have called the Credit Crunch. Or, even more accurately, the failure to see that, where in the past it was always the Central Banks that printed money, recently, it was the investment banks and the hedge funds that printed money for themselves. What we are watching is a very slow but inexorable process; the unwinding of the money printed by the investment banks and hedge funds. Do you remember that just after the start of the credit crunch, the US re-designated the investment banks as ordinary banks. They did that, without telling you all why. They did it to stop them printing their own money. They had been writing loans without any control over the QUANTITY of money. Now, today, there must be countless businesses that were built upon this, shall we call it "ExtraFiat" money that now cannot be replaced with new loans but must be repaid. The end game has started and it is inevitable to my way of thinking that it must end in tears. No one has any real idea of just how much ExtraFiat money is in circulation; but, at the same time, no one holding an ExtraFiat money note is going to let go of it. They are, on the face of it, much too valuable to let go as the moment you do, the value vanishes. Every Merger or Acquisition over the last decade has at the least raised some part of the finance from ExtraFiat money. And the final irony is that, as the ExtraFiat money is called in, the conventional banking system does not have anything like enough on their balance sheets to be able to replace it. And there is the nub of the matter; all roads lead to collapse. The vacuum must be filled, or the whole thing collapses. No way to fill the vacuum, so collapse is inevitable. Food for thought?

December 5, 2009 8:49 AM GMT

[http://www.timesonline.co.uk/tol/sport/football/premier\\_league/manchester\\_united/article6945421.ece](http://www.timesonline.co.uk/tol/sport/football/premier_league/manchester_united/article6945421.ece)

From The Times, **Leading Article**, December 7, 2009

## Reinventing Government

### ***Cutting the size of the public sector is both good policy and good politics***

Five years ago, long before he entered Parliament, Liam Byrne edited a book called *Reinventing Government Again*. It took its cue, as the title suggests, from David Osborne and Ted Gaebler's *Reinventing Government* which had set the template, five years before, for the reforms that the respective public sectors in the United States and the United Kingdom badly needed. Today Mr Byrne, now the Chief Secretary to the Treasury, releases a document on smarter government which shows that this thinking was not done in vain. ....

Chris Coles wrote:

The problem of the role and scale of government runs right back to Magna Carta. When that document started the process to set free the common man, the one matter left off the Velum was money; income to the exchequer. A feudal nation was trimmed back, but the small matter of finance was left entirely feudal. In precious stages, inch by inch, we moved forward with every aspect other than finance. Free markets, particularly farmer's cattle markets, were instigated throughout the land, with free markets established for everything; except for finance. Finance remained feudal; as did the civil service. As feudal finance grew, so did the consequential tax income and from that stems the rise of government as a service to the nation. Each strode forward hand in hand, Establishment and Banking, side by side; the terrible twins. Now, at last, we have come full circle and everyone can see the need to change direction; but in which direction? Government has become completely enamoured of the dramatic increases of tax income stemming from the feudal trading activities of the investment banks and the bonus income of their traders. In turn, every effort to spend that tax was set into motion, Ivory Tower, built upon Ivory Tower till they were so far away from reality that between the two, they have brought the nation to the brink of perdition; bankrupt, both financially and intellectually! The first thing to recognise is the need to bring true free market rules to banking and finance and to the function of the savings institutions. The process of establishing free markets must now be finished. From that moment onwards, free enterprise capital for new job creation will become available to everyone and non government employment can at last start to renew the industrial base of the nation. With the poor gainfully employed and detached from the government's social services teat, we can dramatically roll back the function of government and true free markets will replace feudalism.

December 7, 2009 12:05 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6946614.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6946614.ece)

From The Times, December 8, 2009

## Darling asks foreign banks to help UK firms

Patrick Hosking, Suzy Jagger and Katherine Griffiths

**Alistair Darling, the Chancellor, and Lord Mandelson, the Business Secretary, yesterday held a meeting at Number 11 Downing Street to ask the bosses of American and European banks with big City operations, including Goldman Sachs and Morgan Stanley, to contribute millions of pounds to a new government-backed fund that will lend to Britain's small businesses.**

Martin Carter wrote:

Darling would be better off telling local authorities to stop competing against their own small business tax-payers. For example, by printing local newspapers and whats on guides, by allowing 'in-house' print plants to compete commercially at below market rates, by taking over the majority of the sports, entertainment and arts venues in a town or city, by aggregating several budgets departmental budgets to create massive tender 'frameworks' which the majority of small local businesses haven't got a chance of winning. Tory Councils are just as likely to be playing these unfair and uncompetitive games as much as LibDem/Labour Councils - several Yorkshire councils are doing it right now, mainly for the benefit of senior council officers I believe. What will they do when the small businesses have all been driven out of business or out of the area? Who will pay the business rates and support local employment then?

December 8, 2009 12:15 AM GMT

Chris Coles wrote:

Lending more money to an under capitalised business, especially in a downturn of indefinable magnitude and duration is a sure recipe for disaster. Common business sense dictates that what is needed is to improve the underlying capitalisation of the privately owned small and medium business enterprise, (SME), sector. And to do that requires the recognition of the need for both a reliable source of capital and acceptable structures to facilitate the distribution of equity capital. What this report shows is that the private SME sector does not have access to either. Those of us on the outside of the local and national government owned businesses, (so accurately described by Martin Carter in these comments), know full well that no one within these government owned systems will ever lift a finger to help us. The uncapitalised small business is their competitor and they have no intention of helping us. So these funds Darling is requesting are not for the private SME sector but for their own internal use, by government owned companies. Did any of you truly understand what a feudal nation is and how it operates? Well, this is how. It is thus pertinent to ask, is there any future at all; for private business here in the UK?

December 8, 2009 8:43 AM GMT

Martin Carter wrote:

@ Chris Coles (8.43am Dec 8) Excellent comment, Chris. I googled 'Feudal Nation' and it is spot on - that's exactly what we have got now.

December 8, 2009 6:07 PM GMT

[http://business.timesonline.co.uk/tol/business/industry\\_sectors/banking\\_and\\_finance/article6948114.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article6948114.ece)

From The Times, **Leading Article**, December 9, 2009

## Crashing the system

### ***Wasteful, hubristic and wrong — the Government abandons its IT shambles***

**There is no shame in being defeated by computers. Anyone with even a passing acquaintance with IT will understand how easily it can reduce even intelligent and patient people to a state of complete despair.**

**But that is no reason to sympathise with the Government's acknowledgement that NPfIT, its shambolic attempt to centralise NHS computer systems, has proved a spectacular failure. No one asked for it, doctors opposed it and IT professors consistently warned against it. The cost? Tony Blair's estimated £2.4 billion ballooned to more like £30 billion. Now Alistair Darling, admitting it is "inessential to the frontline", has quietly given up on it.**

Chris Coles wrote:

The most important aspect of failure is to recognise there are lessons to be learned. With the NHS computer system, the primary lesson was not so much a failure of politics, but a demonstration of the utter stupidity that can stem from an uncontrolled, power hungry executive. When private investors create new companies, whatever the initial aiming point; one thing is paramount. Until completion of the opening stage of development of their product, uncontrolled costs will bankrupt the company and lead to the complete collapse of employment. Everyone involved has a certainty of the result of failure to deliver; on time and to agreed cost. You are on the street. Period! But place the same product within a national executive and the rules are completely different. Primarily, the amount any manager spends, more than their neighbour; increases their power base. Great power thus stems from exactly the opposite principles than with a private business. All governments, Labour or Conservative, since the 1960's, have steadily increased the power of the executive, both in local as well as national government, in turn, creating vast opportunities for individuals to create enormous fiefdoms; the NHS being a good; but by no means, the only example. Social Services, Regional Development Agencies, the list goes on and on. At every twist and turn, the primary objective is not to reduce cost, but to justify increased spending. Spending is power. Again, when spending is reduced, you see front line services dropped, but not the primary holders of the power to spend. As I have already commented elsewhere, investment banking grew, hand in hand with the executive as the terrible twins. The lesson we must learn is that, instead of spending tax, we should recognise the power of the small, local, privately owned, free enterprise Company, built on share capital; to deliver what the nation needs, at cost and on time. Has any political party learned that lesson? Today, I fear, not one.

December 9, 2009 11:07 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6949381.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6949381.ece)



From The Times, December 9, 2009

## Cash crisis hits the ‘home of science’, the Royal Institution



Baroness Greenfield, who could have to depart as director of the Royal Institution amid the financial crisis

Mark Henderson, Science Editor

**The future of the scientific institution where Michael Faraday and Sir Humphry Davy once worked has been thrown into doubt by a financial crisis that threatens the position of its director and even its survival.**

**Heavy losses incurred during a major refurbishment have left the Royal Institution of Great Britain (RI) so short of funds that its auditors have raised questions about its ability to continue going, *The Times* has learnt.**

**The crisis could also force the departure of Baroness Greenfield, one of Britain’s most prominent female scientists, as the organisation’s director. A review of the RI management structure has suggested that it can no longer support a high-profile, full-time director, and that the job should be scrapped or slimmed down.**

Chris Coles wrote:

The original purpose was a place for the new imaginations of the nation to meet and argue their case before their peers. Today, a new thinker is not even allowed through the door in the first place as the RI has now become a profit making theatre with management and other hangers on to drain the coffers. We need a new institution, born from the original principles, but not in a main City location, where thought and debate and the meeting of minds is made the principle aiming point. Now! Not a moment to lose.

December 9, 2009 11:23 AM GMT

<http://www.timesonline.co.uk/tol/news/science/article6949484.ece>

From The Times, December 9, 2009

## **Barack Obama puts \$200bn to work on new deal for the unemployed**

Tim Reid in Washington

**Barack Obama unveiled another huge government spending programme yesterday aimed at reversing America's high unemployment rate — a recognition that the issue of job losses poses the greatest threat to his presidency. Mr Obama, speaking in Washington, proposed a series of measures intended to stimulate job creation and bring down the country's 10 per cent unemployment rate, the highest for a quarter of a century.**

**It was the latest in a series of speeches focusing attention on America's jobs crisis, and on what Mr Obama says his Administration has done in the past year to alleviate "the second Great Depression". It reflects that the economy is the dominant issue among voters as Mr Obama and his Democratic Party head into 2010, a mid-term election year. Recent polls show that his approval rating has dropped below 50 per cent, with the jobless rate a significant factor.**

Chris Coles wrote:

Everyone reading his Brookings Institute speech will see that he has not finished the job in hand. His speech shows us his aims and overall objectives, but not the fine detail. From the outset, he is hampered by the same job creation mechanisms that have not fully worked in the past. Mainly, that wonderful myth; that all jobs are created by lending money in a capital based society. Lending more money to an under capitalised business, especially in a downturn of indefinable magnitude and duration is a sure recipe for disaster. Common business sense dictates that what is needed is to improve the underlying capitalisation of the privately owned small and medium business enterprise, (SME), sector. And to do that requires the recognition of the need for both a reliable source of free enterprise capital and acceptable structures to facilitate the distribution of equity capital. His statement: "I believe it's worthwhile to create a tax incentive to encourage small business to add and keep employees, and I'm going to work with Congress to pass one" shows me he has taken on board the idea that we need to create a functioning equity capital market that uses the creation of a job as a foundation for the distribution of the required equity. If he can achieve that, he will also free up the funding for all those other, worthwhile proposals that, as he himself points out; are not being funded by any mechanism today. That in turn will drive the creation of future prosperity with capital, rather than loans or taxation; surely the only acceptable aiming point for such long term investment? I wish him luck with his deliberations with Congress. They in turn have to recognise that to maintain a free nation of free citizens; you must make available free enterprise capital to allow the aspiring job creator the chance to venture. Such ventures are surely the great river source of his nation's vitality.

December 9, 2009 5:08 PM GMT

[http://www.timesonline.co.uk/tol/news/world/us\\_and\\_americas/article6949396.ece](http://www.timesonline.co.uk/tol/news/world/us_and_americas/article6949396.ece)

From The Times, **Leading Article**, December 10, 2009

## Reality postponed

***The Chancellor of the Exchequer fell below the level of the occasion yesterday. There was no serious plan to reduce the budget deficit***

Yesterday we were treated to the latest instalment of a long-running British comedy — Carry on Spending. And as is the tradition, it was farcical without being funny.

To be fair, there was one line that raised a laugh. Just before the Chancellor announced his spending plans he told the House of Commons that “we start from a position of strength”.

What exactly is this position of strength? The £178 billion budget deficit we are expecting this year? The extraordinary contraction of the economy — by 4.75 per cent this year rather than the 3.5 per cent envisaged in the Budget last March? That future projections of the deficit are buoyed up only by what can best be described as “very aggressive” growth forecasts?

Chris Coles wrote:

He said nothing of any consequence at all about the underlying problem of how we set out to recreate the jobs we need to get the economy moving forward. Offering reduced taxation on the income from inventions, when the government knew full well that we inventors have no funding available to fund the pursuit of the income; to be brutally honest, was insulting. What is far worse though is that now we have to wait an indeterminate length of time for the election to be called, so that we can discover who, if anyone, has thought through proposals that ARE acceptable. It was a total waste of time even to sit and listen to the speech. A nowhere man posing as a nowhere chancellor.

December 10, 2009 9:04 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6950910.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6950910.ece)

From The Times, December 10, 2009

## **Faster growth is the only way out of this hole**

***Cuts and higher taxes are not the answer. It is a moral imperative that people are masters of their own financial destiny***

Maurice Saatchi

**We all need something to believe in. Priests believe in God. Judges in the law. Bankers believe in money. Journalists believe in scoops. What do economists believe in?**

**Economists believe in maths. So right now, they share a simple numerical view about how to reduce government debt. Cut spending. Raise tax. This overlooks the power of human spirit. The point was confirmed during a recent visit to the London School of Economics. I asked if any professors thought it was possible, by an act of will, to increase the long-run trend rate of growth of UK GDP.**

**The answer was: “It can’t be done.” Or at least that to do it would require preconditions so daunting that no realist could contemplate them — more investment, higher productivity, a different culture, a new education system, etc. That list is the dog-eared trump card of those who see such ambition as a touching illusion.**

Chris Coles wrote:

As a British inventor holding international patents may I respond: @ richard wiseman, you keep talking about cost-price, or cost-push inflation. Am I correct to say that what you really mean by that phrase is an increase of the underlying prosperity of the citizens, stemming from their gaining an increase of income, from the work they will be doing to produce the products on sale? And, if my assumption is correct, furthermore, that your resistance to that increase of prosperity relates to your belief; that the citizens have no right of such expectation? Forgive me for saying this, but in that case, to my way of thinking, you are a feudalist that does not believe in prosperity. That you thus show no vision of the potential of individuals to improve their prosperity through their hard working lives. To you, cutting costs creates prosperity. @ Clive Stringer comments: “For the past 30 years there has been precious little real growth in our economy.” And again, “The idea that Britain or indeed the rest of the world is going to resume the heady unsustainable path of growth is just a pipe dream.” Neither of you show any understanding of what has caused our present problems. Maurice Saatchi relates to a conversation with an economics professor that parallels one of my own, but 30 yrs ago. Economics has no vision of the potential of the human imagination. But look at one single individual, myself, who has publicly set out the detail of what I have tried to achieve and have failed to do over the last thirty years. The problem, as I see it, stems from a lack of funding to allow us to try to achieve. Thus our problem is not a lack of growth; it is a lack of access to capital. Not for the first time in my life, I believe that I can create a significant number of new jobs. The problem is not that I have the vision to see the potential; it is that there is no mechanism to fund the creation of those jobs. Not one source of free enterprise equity capital. That is the problem.

December 10, 2009 9:58 AM GMT

[http://www.timesonline.co.uk/tol/comment/columnists/guest\\_contributors/article6950891.ece](http://www.timesonline.co.uk/tol/comment/columnists/guest_contributors/article6950891.ece)

From The Times, **Leading Article**, December 11, 2009

## Not time for Tobin

***A global tax on financial transactions is no remedy for financial crises. It would be impossible to administer and would threaten the City's competitiveness***

Regulation spectacularly failed to prevent the financial crisis of 2007-09. But not every proposal for change is sensible. One idea that is now being canvassed is for a small tax on global financial transactions. Its advocates say that it would slow down the frenetic pace of trading and generate tax revenue for good causes. It has been proposed this week by President Sarkozy and Gordon Brown. It is a rank bad idea.

The proposal is popularly known as a Tobin tax, after the late James Tobin, its originator. Tobin, a Nobel laureate, was a giant of modern economics. He argued that a tax on transactions would “throw some sand in the well-greased wheels” of financial speculation. Tobin was concerned specifically with foreign exchange trading, but the principle of taxes on financial trades applies more widely.

Chris Coles wrote:

“The financial system is broken” brings this debate into sharp focus. When financial markets were first proposed, everyone assumed they would follow stock market practice. A customer approached their stock broker, who in turn contacted a Jobber who purchased shares and passed the certificates back to the broker to hand to the customer. A very formal process that was limited in volume by the number of customers and brokers. But since then, the advent of the computer, paralleled by the creation of the investment banks; created conditions that suited the banks becoming their own customer. Once they realised the possibility to trade at the speed of a computer, (not far short of the speed of light), and the consequent development of mathematical formula to enhance the reliability of the transactions, it did not take very long for the staff of the banks to see the opportunity to leave and set up hedge funds. In short, everyone that could, got into the act. Today, what was a slow, very human process has evolved into automatic systems that trade at levels of trillions of trades per day; which are in turn, reflected in both the massive profits generated by the banks and equally massive bonuses paid to their staff. Another factor is the huge tax income created; resulting in a symbiotic relationship where government has become as hooked as a heroin addict. Taxing the transactions is just adding to the tax income without any change to the broken system. The clue to a way forward stems from the fact that almost every trade is artificial; not on behalf of a real customer. It is only the recent trading by centralised funds; that have brought the market into disrepute so, surely, the answer is very simple indeed; remove the right to “trade” on behalf of the saver? Slow the system down to the human level by insisting that all trades have a human origin. Ban automatic trading, dubious instruments such as collateralized debt obligations and insist on completion with real money.

December 11, 2009 12:17 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6952332.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6952332.ece)

From The Times, December 11, 2009

## **We need bankers more than they need us**

***The Government's war on the financial industry will cost Britain dearly in jobs and tax, and picks on the wrong target***

Anatole Kaletsky

The good news is that Alistair Darling saved the economy on Wednesday. The bad news is that he saved the wrong economy.

Switzerland, Luxembourg, Ireland and Hong Kong will all be quietly celebrating as they look forward to welcoming a second influx of bankers and financial institutions, after the first wave of tax exiles from London sent by Mr Darling's previous Budgets and mini-Budgets. Many British voters will, of course, be delighted about this relocation of greedy casino-bankers — almost as delighted, in fact, as the burghers of Zurich will be to receive them.

But as taxpayers, consumers of public services and employees in the many industries dependent on overpaid bankers, the citizens of Britain should be less pleased. There are likely to be serious consequences from what can be fairly described as the all-out war being waged by the Government against the banks.

To put this war in the proper perspective, consider three figures mentioned by the Chancellor on Wednesday. The first is the estimated yield of £550 million from the bank windfall tax. The second is the direct contribution of financial companies to Britain's tax revenues, which amounts to 25 per cent of the total yield from corporation tax or £11 billion a year. This excludes the much larger sums paid by their employees in income tax, stamp duty, VAT — a number that must run into many tens of billions a year.

The third figure was the most surprising, although it received little attention. This was that the estimated final cost to the Treasury of all the bank bailouts since the collapse of Northern Rock will be £10 billion. This projection has been slashed from the £50 billion figure in the March Budget, and Mr Darling predicted that the Treasury would eventually eliminate even this and also recoup what it spent on banking advice, accountancy and so on during the post-Lehman panic. This optimistic-sounding forecast actually seems much more plausible than most of the other projections published by the Treasury this week.

Chris Coles wrote:

Will someone tell me why other nations, France and Germany come to mind, have been so successful WITHOUT such banks? We are constantly berated about the damage to the nation by not having these banks here in the UK, yet we have a failed financial system. Give me German or French banks any day, but the government will have to be weaned, (Cold Turkey), off the huge tax income from the artificial trading of financial instruments. I for one prefer to look forward to a few years of hardship without these banks, to be able to return to an economy that works for everyone in the nation, rather than the few as we have at the moment.

December 11, 2009 12:29 AM GMT

[http://www.timesonline.co.uk/tol/comment/columnists/anatole\\_kaletsky/article6952307.ece](http://www.timesonline.co.uk/tol/comment/columnists/anatole_kaletsky/article6952307.ece)

From The Times, **Leading Article**, December 12, 2009

## Hard to credit

***The failure of the Pre-Budget Report has surrendered to credit agencies a large role in deciding Britain's future taxes and public spending***

**Lend me a fiver and I will buy you a drink. Labour has struggled for years to forge a new economic philosophy out of the ruined remains of socialism, and in the end this is the best that it has been able to come up with.**

**It is traditional that Budget statements that look good on the day look bad a few days later and vice versa. This week's Budget (for that is what it was) subverted the tradition. It looked bad on the day, and a few days later it looks worse. For what appeared on delivery merely to be an uninspired collection of measures, accompanied by a failure of nerve, looks on reflection to represent the tragic end of an important idea.**

**Gordon Brown and Tony Blair set out to reshape the Left. To the ideas of social justice, a generous welfare state and a government safety net, new Labour would marry fiscal prudence and a respect for enterprise and market freedom. This was an attractive, and attainable, governing ambition. And it was one that, in its first years, Labour looked set fair to achieve. Mr Brown, in particular, was routinely portrayed as an unbending guarantor of stability and financial restraint. How different things appear now. ....**

Chris Coles wrote:

It is not sufficient to place the entire blame on the politicians. We all know full well that they have to rely upon the advice given to them by HM Treasury et al. Our recent problems are not the result of a sudden change in matters out of our control; they result from a long term decision to take the particular road we are on, by the very same advisors to the politicians. Today, we reap the poisoned chalice of a grossly inflated Civil Service replete with magnificent status and financial emoluments; while the rest of the nation picks up the tab. This time we must trim costs from the top down. With a literally bankrupt nation, the entire group at the top that advised the rush into the financial black hole; must pay the price and walk the plank. We need the courage to do a Ronald Reagan, (who fired the entire US air traffic control staff, I might add with no loss of serviceability), AND FIRE THE TOP TEN LEVELS OF THE Civil Service. Further, there are departments that we can do without. Health and Safety is a monster that even their own consultants will acknowledge, (in honest conversation behind closed doors), is completely out of control and can easily be replaced with an old fashioned dose of common sense. Regional Development Agencies have already been targeted by the Conservatives. They flatter the imaginations of those that have not taken the trouble to see their expertise is in paper exercises for their own benefit. If we simply try and carry on as though nothing has happened, we will continue to spiral backwards into the black hole of financial expectations that cannot be met. The real fat cats are sitting in Whitehall pretending this was nothing to do with them. Today, this time, they must take responsibility and pay the price for their poor advice. We can well afford to lose them and, do not forget, their financial cushions, already in place, will not leave them standing in the bread line. Let them now discover the price of their own obvious failure.

December 12, 2009 8:13 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6953940.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6953940.ece)

From The Times, Leading Article, December 24, 2009

## **A Time for Tolerance**

***In an increasingly hectic and self-centred society we need to tolerate and respect the views and worth of others, both in our faith and in our lives***

At no time in the year are there greater demands on our tolerance. The inflated hopes and expectations of Christmas come up against the realities of family gatherings: the frustrations of travel, the scramble to prepare food and buy presents, the enforced bonhomie that swiftly wears thin as those who rarely meet attempt to create ties of kinship. The message of calm and peace seems far removed from the irritations and tensions that too often surface during the long holiday.

Tolerance is a quality that struggles to be heard in the cacophony of urban Britain. There is an impatience, encouraged by commercial pressure, that has no time for those who disagree. The perceived need for sensual and material gratification, the focus on individual rights and entitlements, and the grievance culture that sees blame as more important than responsibility, have all made tolerance a threadbare garment. To accept those with whom we disagree and to respect the viewpoints of others takes time and patience. Neither is to hand in today's commercial value systems.

The lack of tolerance is increasingly evident even in the spiritual life. In this past year, divisions have hardened in churches and religious communities alike. The Anglican Communion has been brought almost to the point of schism by arguments on women bishops and gay clergy, by differing interpretations of scriptural truth and by ideological assertions of separate national tradition. The bonds of fellowship that once linked 38 Churches around the world have practically broken. Traditionalists, liberals and evangelicals speak of each other more in terms of anathema than love. The fragile truce brokered at the Lambeth Conference last year has shattered, and Africa, America and the Churches of the Southern Cone seek to go their own way. ....

Chris Coles wrote:

May I take this opportunity to thank all of the members of staff of The Times for their tolerance in permitting me to make various comments here on their web site over the past year. I wish you and yours a Very Merry Christmas and a very Prosperous and Happy New Year.

December 24, 2009 10:28 AM GMT

[http://www.timesonline.co.uk/tol/comment/leading\\_article/article6966897.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6966897.ece)



From The Times, December 24, 2009

## **There wasn't enough salt to treat coach crash road, council admits**

Simon de Bruxelles

**Cornwall County Council has said it failed to grit 80 per cent of its roads, including the stretch near Hayle where a Christmas tour coach crashed, killing two women. Irene Spencer, 78, and Patricia Pryor, 70, both from Camborne, Cornwall, died when their coach skidded off the road near Hayle and rolled on to its side. Emergency services said the roads in the area were “sheets of ice”. A police car responding to the 999 call skidded off the road and crashed into the upturned coach, which still had passengers trapped inside. Emergency crews could not get close to the crash site because of the icy roads and had to make their way on foot. The coach’s owner, Williams Travel, has accused the county council of failing to ensure roads were properly gritted despite warnings of severe weather. “The coach was unable to stop once it had come into contact with the black ice and then turned over on to its side and ended up in a ditch,” said operations manager Garry Williams on the company’s website. “All were amazed that this road was not gritted. There is a full investigation into the accident by the police and relevant authorities, but at this time Williams Travel are unable to make any other comments.”**

Chris Coles wrote:

Perhaps it will help the debate if I recount my experience of last Monday in Basingstoke. The weather forecast for Sunday was very specific; we were going to have heavy snowfall during the early hours of Monday. The snow did not materialise and I went shopping. I caught a bus into the town bus station from the Tesco superstore at Chinham during the beginning of the snowfall at 2 pm. There was no sign of any grit or salt on the roads and what was usually a five minute journey became 45 minutes. I caught the 28 Alton bus, which left five minutes later and we set off for the A339. Our driver could not proceed beyond the outskirts and we turned around, arriving back at the bus station at 9.00 pm some six hours after we had left. The Stagecoach staff were wonderful and placed us in their staff canteen, (which overlooked one of the main roads), for the night. No one saw or heard of any attempt by either the police, the DOT, or for that matter County Council to coordinate with the bus station as to the state of the road network. I did not see anyone salting the road. At 5 am Tuesday, we again set off with another driver, (our original driver, a hero, had stayed with us all night to support us). When we reached the point, just under the M3 bridge, where we had turned around the night before, we discovered snow covered road signs telling us the A339 was closed. No sign of anyone in control. We turned around and set off for the motorway, passing a jack knifed lorry blocking the other carriageway, again with no sign of any support. Driving to Hook we then turned towards Alton via Odiham, passing the military base there. At no time did we see any sign of anyone doing anything. The road past the base was barely passable. No grit, no salt. The entire road network, A339, A31, all abandoned. I was last off at 7.00 am on the A31 in Four Marks. Still no sign of anyone in authority, or grit, or salt; I repeat, the entire road network abandoned, no sign of anyone doing anything.

December 24, 2009 11:19 AM GMT

<http://www.timesonline.co.uk/tol/news/uk/article6967202.ece>

From The Times, December 24, 2009

## **Live TV debating will be a sudden-death contest**

***Britain's political leaders are gambling with high stakes as they agree to American-style 'presidential' contests***

Ben Macintyre

On the evening of October 15, 1992, the first President Bush glanced at his watch, and lost the presidential election. At almost the same moment, Bill Clinton took three paces forward, and won it. This is the advantage and danger of a televised debate — it can both define politics in ways beyond words and shrink the process to a single, otherwise irrelevant instant. A woman in the audience at the presidential debate had asked the two main contenders about the national debt. She meant the recession. “I’m not sure I get it,” said President Bush. But Mr Clinton got it, and seized it. He came from behind his podium, approached the questioner and, in moment of theatrical empathy that would have been crass had it not been inspired, asked: “Tell me, how it has affected you?” Almost simultaneously, the cameras caught the incumbent President nervously looking at his watch, plainly wishing it was all over.

And it was. I was in the press room in Richmond, Virginia, that night: from the expressions on the faces of the Bush team and the exultation of Clinton’s handlers, it was clear that both sides knew that months of campaigning and millions of dollars, had come down to a few, intensely symbolic frames of live television. This is the hair-trigger politics that Britain’s leaders have now signed up to, by agreeing to live TV debates. For Gordon Brown, the decision is a tacit acknowledgement that he has little left to lose. David Cameron now has an opportunity to delineate the personality that still eludes much of the electorate. For Nick Clegg, the debate is a gift, a chance to punch well above his political weight. Beyond the fortunes of the leaders, the arrival of presidential-style debates will transform British politics. They will dominate the agenda in the run-up to the election, squeezing out all other political news.

Chris Coles wrote:

If there is to be a debate, it absolutely must include everyone, not just the top three parties. A true debate must include all opposing views for it to be credible. Anything less is simply not good enough. Ban earpieces and speech writers. That way we will all be able to see what we are voting for. No aspiring leader should ever step forward without holding the ability to speak for themselves, without someone else shamefully whispering the answers or writing the speech.

December 29, 2009 11:46 AM GMT

[http://www.timesonline.co.uk/tol/comment/columnists/ben\\_macintyre/article6966866.ece](http://www.timesonline.co.uk/tol/comment/columnists/ben_macintyre/article6966866.ece)