►On Target

Martin Spring's private newsletter on global strategy

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Moneycraft: Tips for Personal Success

One of the first things I did when becoming the chief editor of a national newspaper in South Africa in the 1970s was to introduce a weekly front-page column called *Personal Business*. It was the first of its kind.

It was important, I believed, that financial writers should explain in simple terms the world of money as it impacted on ordinary folk; how they could follow simple rules to become wealthier, safer and happier.

I went on to establish my professional reputation as South Africa's guru of personal finance, writing and publishing my *Money Book*, authoring a series on national television that won the first award for "the most positive contribution to consumer information and education," and launching a newsletter, *Personal Finance,* that became the foundation of my successful publishing business.

Since then, the subject that I prefer to call "moneycraft" has become, globally, an important part of financial reporting and commentary, and thankfully is even taught in many schools.

Here's my own (sometimes unconventional) briefing on life's important lessons about personal financial management:

► You must learn enough of the basics to be able to question intelligently, challenge, and judge when to abandon the services of, financial institutions.

With very few exceptions, the latter are mediocre to poor investors of your savings because incentives favour their interests rather than yours. One example: Not long ago a major international bank, HSBC, was fined heavily and forced to pay compensation because 87 per cent of their sales to elderly folk of a plan to fund long-term care were unsuitable for basic reasons, such as clients being too old and ill to benefit.

Managers and personal advisers, even when well-informed and acting with complete integrity, are always under pressures -- psychological, regulatory and the herd mentality -- to advise and act on the basis of conventional wisdom. Following that does not protect you against major surprises, as almost all investors discovered in 2008. Occasionally, conventional wisdom is nonsense.

You cannot do without the services of banks, funds and personal financial advisers. But you must be a suspicious, independent-thinking "consumer" of such services and, as much as possible, exercise personal control over your savings.

I never trusted banks or funds to invest the bulk of my retirement capital

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because of their supposed expertise, convenience, and the lure of tax benefits. That turned out to be the right decision. I took my family's portfolio through the bloodbath of 2008 without loss.

► It is essential to have a personal financial plan – to know how much money you expect to have coming in, how much you're spending and on what, and to have a budget that you try to stick to.

I do a monthly check of our income and expenditure, and regularly review how our investments are doing. I look for anomalies (mistaken or fraudulent charges), see if we're keeping to budget, assess the need to consider changes.

Most people have too many accounts, making it difficult to keep track of things. Use on-line access to monitor them and make transactions. Consolidate by closing minor accounts that you rarely use. Perhaps use one global custodian for all your investments.

Always have some cash available for emergencies. You'd be surprised how many people don't.

► One of the basic rules I taught my children was that from an early working age you should aim to save 10 per cent of your income. Follow that, and providing you invest conservatively, you can be sure of becoming moderately wealthy later in life.

It's difficult to keep to such a target, especially in the earlier years when you are equipping a home, upgrading your lifestyle, and probably raising and educating children. But to the extent you can approach that target, you increasingly secure yourself and your family against financial setbacks, improve your personal freedom, and provide for a worry-free retirement.

One of the most important moneycraft lessons is to understand the power of compounding – how much a small improvement in rate of return on an investment held for the long term burgeons into enormous capital gain.

► Spending control is, for many people, the most difficult part of personal financial management. Research suggests that the urge to spend, or refrain from doing so, is rooted in our genes and is little influenced by upbringing. That's why you see such different attitudes towards thrift in your children, siblings and other close relatives.

Structure your lifestyle to restrain spending

I have long argued that good intentions are of little value in controlling your spending – you must *structure* your outlays to spend less. Good intentions don't last. After a few months, restraint slips. But if your lifestyle is structured to pay out less, that restraint does last.

When Liz and I decided to start our own business, it was essential to cut our spending to free up cashflow to finance it. So we traded down in our lifestyle, exchanging our house for a smaller one much closer to our planned business location and children's schools. The saved monthly outflow was significant.

► Most people spend too much on insurance, and on the wrong things. I have long advised people to self-insure – carry the risk themselves – to the extent they are able, and only to insure against the really big risks. Roughly one-third of what

you pay in premiums goes to cover insurance companies' admin costs and their profit.

Some years ago the estimable Merryn Somerset Webb wrote that beyond those kinds of cover required by law, such as auto insurance, "and a few you really should have," such as cover for buildings and foreign travel, most insurance is "both overpriced and unnecessary."

Life cover? Many employees have that for nothing in their contracts. "If you are not the main breadwinner in the family, or if you have no dependants, you definitely won't need life cover."

Instead of wasting money on insurance premiums, she said, you should accumulate cash in a special savings account – "your Calamity Account" – to meet unexpected major expenses.

► Don't plan to depend on becoming a clever investor unless you have the right personality for it -- the courage to take independent decisions and live with a fair amount of risk -- and are prepared to spend at least ten years learning about it through hands-on painful experience and study, honing your skills.

However, it's nearly always preferable to managing your own investments as much as you can rather than depending on supposedly expert institutions, putting your savings into directly-owned assets such as shares, exchange-traded funds, bonds, real estate, bank deposits and gold.

You don't need to develop the expertise to manage that. The trouble-free alternative, with only moderate returns but very low risk and – more importantly – requiring little decisionmaking, is to use a formula plan requiring no more attention than a review once a year.

A trouble-free plan to grow your wealth

A year ago I explained how a such a plan devised by the American strategist Harry Browne, based on investing in fixed proportions of equities, bonds, gold and cash, delivered remarkably stable returns in real (inflation-adjusted) terms in the US over four decades.

In that country there are now "on-line advisers" whose computers automatically allocate your savings according to portfolios designed to match your financial profile and goals. They are inexpensive and rid you of "rebalancing" decisions.

However, I have two problems with such plans. One is that their asset allocations are depressingly orthodox compared with, for example, a Browne portfolio (no gold). Secondly, they are naturally geared towards Americans, with their heavy bias towards US assets, so they are unsuitable for the rest of us.

If you don't want to manage actively, design your own basic formula plan, implement it, and stick to it.

► Be especially wary of insurance-company investment plans. They are high-cost, give mediocre returns at best, and are inflexible. Quality of reporting to clients is usually poor, and such investments aren't as risk-free as you might think they are. Even reputable companies have allowed their plans to be sold by brokers who are bad advisers, sometimes with financially catastrophic consequences.

One of my well-informed friends does use such products, but warns: “Always read the small print before you sign.” In particular, look for restrictions on and penalties for early cashing-in. And see how much you’ll be paying in initial, annual and exit charges.

As a general rule, use insurance companies for insurance, not investment.

► Don’t take any notice of guarantees. They are worthless if, when you come to make a claim, the company you bought from has gone out of business. When one of the world’s largest banks, Lehman Brothers, collapsed in 2008, many investors who had bought securities guaranteed by it found they were worthless. Sometimes “guarantees” are based on legal structures and jurisdictions that mean it would be practically impossible to enforce them.

Guarantees are mainly offered by dodgy investment promoters. Treat them as a warning NOT to invest.

Be sensitive to risk, but not too scared of it

► You should assess your sensitivity to risk and adjust your decisionmaking according.

If you are too frightened of it, you’ll be too prone to avoid seizing opportunities in career, business or investment (shares are inherently risky because their value fluctuates a lot, but they give a higher return when held for the long term). If you are exhilarated by it, you’re a gambler and therefore prone to make costly mistakes.

Try to adopt a middle track in your behaviour, not being scared of some risk, but avoiding too much of it

Use basic techniques such as diversification across a range of assets to reduce long-term risk. One I have favoured is to keep a large proportion of my capital in very-low-risk assets – the proportion increasing with advancing age – leaving the rest free to be placed in much higher-risk assets with significantly-higher long-term growth potential.

► Owning and running your own business is less risky than working for someone else.

I know that conflicts with common belief. But the brutal fact is that in the modern world, there is great risk of losing your job and being unable to find a suitable replacement when in your 50s, for reasons that have nothing to do with your competence, such as a takeover of your employer, forced downsizing, or merely office politics.

The risks in your own business are obvious, the biggest being dependence on short-term credit. But you know what those risks are, you have the potential to address them, and there is usually some time to do so. You are less exposed to the decisions of others.

There are the obvious benefits of having your own business – the potential to be wealthier, with greater personal freedom and the psychological rewards of achievement.

Of course, you need to have the right attitudes, skills and family support to start and then succeed in your own business. You need to have, or have a business

partner who has, or employ someone who has, all three of the equally-important fundamental skills – to make or provide a product or service in demand, to market it, and to control the finances (focus on cashflow rather than accountants' usual priorities such as the balance sheet).

► Tax planning becomes steadily more difficult as governments become desperate for revenue to finance their enormous spending, but it remains an important part of moneycraft.

In most countries there are specialist publications, inexpensive to subscribe to, that alert you to the opportunities. In the UK, for example, Taxcafe.

All countries have many legal concessions designed to favour politicians' particular interests – tax-privileged savings plans, investments that generate little or no taxable income, capital gains management possibilities. In the US, I'm told, they can cut the drag on portfolio returns by as much as a full percentage point a year.

For a few, there are more radical possibilities.

You could become a tax exile, living as I do in a country where only locally-derived income is taxed (more difficult for Americans unless they're prepared to renounce their citizenship to avoid worldwide tax liability).

If you have the right personality for it, consider becoming a "perpetual traveller" to save tax, minimize financial responsibilities, reduce expenses, and incidentally enjoy a great lifestyle. I have a friend who does this.

If you're wealthy enough, you may consider using a structure distancing you from ownership of capital, using tax havens. Although this is now much more difficult, there are still possibilities using vehicles such as bearer-stock companies (no public record of who owns them), unregistered trusts, and professional nominees.

► It is important to plan your retirement well ahead, when you still have some years to do something about it. You will almost certainly be dismayed when you analyze how much you're likely to have to live on. You should assume that you'll live for many more years than you expect as, thanks to modern medicine and its continuing progress, people generally are living longer.

You can make or plan lifestyle changes to re-shape your spending and boost your savings. You can plan to relocate in retirement to somewhere that's cheaper to live in… perhaps even another country. At the age of 70 I moved across the world to a city that's friendly, sunny and offers great medical care, with a cost-of-living recently reported to be "a fifth of Western Europe's," where a retirement income of $1,200 a month "will give you a $3,000 lifestyle."

Making proper provision for your loved ones

If you have your own business, succession planning is an important part of your preparation for retirement – and usually the part that is most neglected. You must be especially careful if you plan to hand over to an adult child or other close relative because it's so difficult for you to make unemotional judgments about them, and prepare them properly for the responsibility.

► It's amazing, and depressing, how many people don't have a will, so there is no proper provision for their loved ones.

You should have one, and review it at least once every three years, as there are always changes in the details of beneficiaries even if you don't want to change your bequests.

You should also have an advance medical directive (also known as a living will) giving instructions about the extent to which, and the means by which, you should be kept alive artificially, when your body has been smashed in an accident or is being ravaged by terminal disease.

► Keeping your personal financial affairs confidential requires careful planning. You may opt for not having sensitive paperwork sent through the mails to your residential or business addresses.

Preferably, avoid using credit cards, which expose you to risk, hassle and cost, and are rarely worth it. Prefer debit cards. For maximum personal secrecy, use a debit card from a bank in a tax haven, with the statements sent to an offshore address.

Be careful about what you say on the telephone or in digital messages. Safeguard your PINs by using familiar numbers that no-one else would guess such as a grandchild's birthday, and passwords that are similarly obscure. One example is to use a phrase personal to you such as "Betty and I married on 4 August in the rain," which inputs as BAIM04AITR. Avoid well-known quotations and lists, such as names of planets or colours of the rainbow, which a hacker's software can easily pick out.

Regularly clear sensitive material from your personal computer such as copies of e-mails – although the most sensitive should not even be processed by computer. Shred or burn sensitive paper records once you no longer need them.

Say as little as possible about your finances to your spouse, partner, close relatives, friends or acquaintances. Even without having any bad intentions, they could let loose sensitive information about your affairs to strangers.

However, at least two persons that you trust the most should know about, or know about having to access, any hidden assets such as offshore bank accounts.

It's better that people think you are poor rather than wealthy. Nobody sues, robs or kidnaps a pauper. Smart people are also discreet people.

Gold and Bonds

The decline in the prices of precious metals and other commodities is signalling that the US and other central banks are going to lose the war against deflation, Texas-based private investor and analyst Burt Coons argues. Bad for gold bugs. Good for bulls of sovereign bonds.

Coons says the bear market in gold has now entered its final phase, which he dubs "the Annihilate Phase." Charts suggest the price per ounce could fall as low as "the $700s." As it continues to fall, gold will be seen as a "bottomless pit" – many of those who have kept the faith will finally give up, while others will be forced to liquidate their holdings.

The overhang of global debt is forcing through deflation. That "will power long-term government bonds upward." American interest rates will decline. And the dollar is likely to strengthen further. So Coons recommends investing – depending

on personal circumstances -- about 40 per cent of a portfolio in long-term US Treasury bonds.

Their yields will continue to fall, and their capital value rise, until the US currency becomes suspect. “Just as occurred in the Great Depression, government bonds should rally” until there is a banking crisis, as happened with the failure of the Credit Anstalt Bank in May 1931.

At that point, “gold should resume its traditional role” as “an asset with no counter-party risk and last-ditch shore of value.” It will be the start of “the next bull market in gold.”

Until then, Coons suggests holding no more than 10 per cent in gold – in physical metal such as coins as “insurance” – with 5 to 10 per cent in “rare strategic metals” as their prices will be less impacted by deflation and underpinned by governments seeking to build stocks of “war material.”

Of course, if you share Coons’ pessimism about gold, at least in the current “annihilation” phase, you may be tempted to speculate on that. Fund manager Dave Rambus’ Kamikaze Portfolio, which trades in “very risky” highly-geared derivatives, has turned an initial position of $100,000 into $540,000 in just 26 months in “the worst precious metals market in history.”

Failing Policies Panic Japan’s Leaders

I have been consistently pessimistic about the probable results of “Abenomics,” the three-fold economic stimulus plan promoted by the Japanese prime minister… and I’m slowly being proved right. The easy bits were weakening the currency and “printing” lots of money. The hard bit – radical structural reforms -- are being fudged because they’re politically too difficult.

Increasingly, Abenomics is being seen to be a failure. That is triggering panic measures by the government.

The central bank governor, Haruhiko Kuroda, reacted to new figures showing economic growth to be far weaker than expected, and inflation running well below his 2 per cent target, by forcing through another massive dose of money creation. Incredibly, given both the herd instinct of central bankers and the Japanese strong cultural preference for consensus, Kuroda’s policy board split 50/50 on the issue. With half his board against him, governor was only able to win by using his deciding vote.

Abe has now backed away from implementing the next round of sales tax increase as part of fiscal reform. And he has called a general election to entrench his remaining political power before it ebbs away. His approval rating with voters has fallen in a year-and-a-half from 66 per cent to 44 per cent, and continues to decline.

Consumer demand is sluggish because incomes are not rising enough to offset the sales tax increase earlier this year. The weakening yen is unpopular with small and medium firms who cannot pass on rising costs of imports (up 22 per cent in yen terms over the past two years). Big business is still reluctant to invest in Japan. When it does put capital into expansion, it prefers to build factories in low-cost Asia.

With all the nuclear power stations shut down, the cost of imported fossil fuels is enormous. The weaker yen has given hardly any boost to exports in dollar terms. The foreign trade balance is barely breaking even, and seems to be heading towards a structural deficit.

With the latest boost, the central bank plans to "print" money to purchase $690 billion worth of government bonds every year. However Professor Richard Werner, who is said to have invented the euphemism Quantitative Easing when he was an adviser to the Bank of Japan in the 1990s, says the policy as it's now being applied by the Japanese is "completely useless" and has "no impact on the economy."

Fortunately for Abe, the opposition parties are a poor lot. So he should retain power after an election. But depressingly, the weakening in his political support will make it even harder for him to push through fundamental reforms.

Seniors: a Troubled but Growing Market

It's "never been more difficult" to accumulate capital for retirement, says Dan Hunt of Morgan Stanley Wealth Management, because "financial repression" [easy-money policies that have forced down yields on securities] has made it so difficult "for a traditional investment strategy to generate a good return."

A 65-year-old investor on the eve of retirement with a 60 per cent bond/40 per cent equity allocation would now have to accept, at best, a 15 per cent lower retirement income than if he/she assumed the average returns achieved over the past half-century could be expected going forward.

Although annuities may seem to be a poor buy, Hunt argues that they must remain an important component of providing for retirement because of the way they reduce risks in a portfolio.

Two of the most important are "market risk, or the risk that the performance of retirement plan investments will be poor; and longevity risk, the risk that a retiree lives a long life, and thus has substantially more expenses to cover.

"A less-well-appreciated risk that annuities can help with is judgment risk, which includes things like retiring too early, overspending in retirement, and panic selling of investments during market sell-offs.

"Judgment risk has a vastly under-appreciated potential to damage retiree finances."

Variable annuities with guaranteed lifetime withdrawal benefits can be "particularly attractive."

The elderly are starting to become a major growth market, with their global annual spending power reaching $15 trillion in six years' time, according to a new report by Bank of America Merrill Lynch, *The Silver Dollar.*

It identifies investment opportunities in listed companies expected to gain from the "longevity revolution," particularly those in three sectors:

► Healthcare, where the emphasis is shifting towards treatment of chronic illnesses that mainly occur in old age, medical devices most needed by the elderly, and managed care;

► Funding for longer lives, including wealth creation by elderly entrepreneurs and older skilled workers, as well as capital accumulation for and income in retirement;

► Consumer products and services particularly favoured by the elderly, such as travel, gaming, e-commerce.

Is India a Better Prospect than China?

Many respected fund managers and analysts prefer India to China because of its supposed superior governance. As both countries are very corrupt, that amounts to preferring democracy and transparency over consistently greater effectiveness.

A US-based professor, Anil Gupta, says India doesn't come close to matching China's investments in the roads, ports and power networks that companies want. "Lousy infrastructure essentially eats up any advantage the country may have on the labour front." The hourly cost of manufacturing works in India averages only 92 US cents, compared to $3.52 in China.

Roger Lee of TAL Group, a Hong Kong specialist in men's dress shirts, says it ruled out establishing a factory in India because there would be so many different labour unions to deal with.

Much of the strength in the Indian stock-market this year reflects investor optimism that the newly-elected government of Narendra Modi will close the gap in economic growth performance between India and China.

Early signs are good. He has started to reduce the burden of red tape, ease restrictions on foreign investment, and line up commitments from Japan and China for $57 billion, with a focus on developing an industrial corridor between Delhi and Mumbai featuring high-speed trains and superhighways.

Investment Management Costs

The European Union is planning to force all financial firms it regulates to reveal to their clients in a single figure the total costs they are paying, in terms of the Markets in Financial Instruments Directive.

Wealth manager SCM Private says many people are going to be unpleasantly surprised when they find out how much they have been paying. They think they're paying 1 per cent a year, but they're about to discover they've been paying 2 to 3 per cent, once all the third-party charges, such as fund management fees and costs of financial instruments, are taken into account.

Gina Miller of SCM Private says: "This is nothing short of a revolution in consumer protection."

David McCann, an analyst at Numis Securities, says that in the case of UK wealth managers, expenses wipe out investment returns in real terms.

If the gross nominal return on equities averages 7 per cent a year, assuming a typical investor might pay 25 per cent tax and inflation averages 3 per cent, that leaves a real return of just 2.25 per cent – which happens to be roughly the industry's average charge.

"Almost 100 per cent of the returns go to the industry, rather than the end-investors."

Eurozone: Can It Survive?

The probability of the Eurozone's breaking up is now greater than it was at the time of the Euro crisis two years ago, says the FT's well-known and controversial commentator on Europe, Wolfgang Münchau.

The biggest threat is not a collapse in bond markets, as it was then, but "insurrectional electorates more likely to vote for a new generation of leaders" -- many of them, like Marine Le Pen of France's Front Nationale, opposed to the Euro—"and more willing to support regional independence movements."

European Central Bank president Mario Draghi has called for a three-fold approach to strengthening the Eurozone – looser monetary policies, and increase in public-sector investments, and structural reforms. But only Draghi is doing his bit, by planning to injecting an additional €1 trillion of credit into the system, and that "will not make much difference."

Münchau believes that the Eurozone may survive as an entity, but very probably trapped in "secular stagnation… the true metric of failure."

Investors Still Favour Australia

Investors remain confident about Australia despite signs of economic distress such as a 12-year high in unemployment.

One reason is built-in demand from compulsory saving – 9.25 per cent of salaries flow into "superannuation" (retirement funding) schemes, pouring an estimated A$1 billion a week into domestic equities.

Another inflow is the avalanche of investment capital pouring into the country from China. It's the driving force behind the boom in residential property. In the third quarter foreign investors bought one out of every six new or yet-to-be-built houses or apartments sold.

Domestic investors are jumping aboard the gravy train. Latest figures show that the amount of new bank mortgages raised by investors has overtaken those granted to home-owners for the first time.

The sharp fall in the exchange rate of the Ozzie dollar means investment assets are cheaper for foreigners to buy, and is cushioning the economy against falling commodity prices and the tailing-off of the decade-long mining investment boom.

Saudi oil power

Ambrose Evans-Pritchard suggests in the *Daily Telegraph* that one important reason why Saudi-Arabia decided to drive down the oil price could be that the Saudis are being "helpful" to their US ally by boosting financial pressure on Russia to back away from its expansionist policies.

At a key point in President Ronald Reagan's ultimately successful campaign to break the Soviet Union, says his son Michael Reagan: "My father got the Saudis to

flood the market with cheap oil." Russian ex-premier Yegor Gaidar has identified that as triggering the collapse of the Communist empire. "The Soviet Union lost $20 billion per year, money without which the country simply could not survive."

The recent collapse in oil prices, alleges Mikhail Leontyev of the Russian oil giant Rosneft, "is political manipulation… Saudi-Arabia is being manipulated."

Goldman Sachs expects the WTI oil price to fall to an average of $70 a barrel in the second quarter of next year, when seasonal demand will be at its weakest while global over-supply will be at its greatest. Later in the year and in 2016, cutbacks will become apparent in OPEC production and in expansion of US shale oil output.

Tailpieces

Government bonds: This asset class, referred to as risk-free, "is actually fraught with rising credit risk and systemic inflation risk," comments UK investment adviser Tim Price. Yet inflation is "the only solution to the debt mountain that will enable the debt culture to persist in any form."

He says bond fund management as disastrous because it assigns the heaviest weightings to the largest bond markets by asset size. Since they are those with the most heavily indebted issuers, whether sovereign or corporate, "a bond-indexed manager is compelled to have the highest exposure to the most heavily indebted issuers." By definition, they are heavily exposed to what are objectively poor quality credits.

"Bond indices… force any manager witless enough to have fallen victim to them to load up on the most heavily-indebted issuers… which currently also happen to offer amongst the puniest nominal yield."

Women: New research by British and Belgian academics challenges the belief that sexist discrimination is a major cause of the pay gap between men and women.

It found that even when women found their own not-for-profit business enterprises, they pay themselves much less than the men that do so. In fact the pay gap – 23 per cent of what men earn – is similar to the global difference in earnings between the two sexes.

The gap is usually attributed to a predominance of low-paid jobs, family priorities, lack of confidence, failure to ask for more money… and gender discrimination.

Debt: According to a new academic study, the vast majority of the world's overall rise in debt since 1950 has been accounted for by increased real estate lending. "With very few exceptions, the banks' primary business consisted of non-mortgage lending to companies in 1928, and [in] 1970. By 2007, banks in most countries had turned primarily into real estate lenders.

"The intermediation of household savings for productive investment in the business sector – the standard textbook role of the financial sector – constitutes only a minor share of the business of banking today."

Renewables: Latest figures from America's Energy Information Administration show that despite recent advances, their costs remain well above those of electricity generated by traditional fuels. On a "levelized" basis – including capital, maintenance and transmission expenses, and taking into account down-time such

as when winds aren't blowing – the EIA costs solar-power at $130 a kilowatt and wind-power at $80, compared to $64 for natural gas.

Getting rich: "Wealth is best acquired not through working for a company, but establishing a business of your own," Russell Taylor writes in *Money Management*.

"The taxation of income and capital are different, and much in favour of the latter." [True in most, but not all, countries].

"The rate of technological change has become exponential and the Internet gives even the one-man business a world market."

Construction bubble: The stimulus package by the Chinese government in response to the 2008 global financial crisis produced an extraordinary boom in infrastructure and real estate. Over the past three years China has used 6.6 gigatons of cement, compared to 4.5 gigatons used in the US over the past 100 years.

Europe: It's now "the new China" in that it's running huge foreign trade surpluses – around $400 billion a year -- and its savers are developing a hunger for foreign assets, suggests Deutsche Bank's George Saravelos. Europe will become "the largest capital exporter in the 21st century."

Corruption: Anti-graft officials in China have seized foreign currencies worth more than $32 million, and weighing more than a ton, from the Beijing home of Wei Pengyuan, the suspended deputy director of the National Energy Administration's coal department.

Russia: Vaclav Klaus, former president of the Czech Republic and one of Europe's most highly-regarded conservative politicians, says the Western elite's current hostility to Russia is based on a false and outdated view of the country which refuses to face up to the fact that in so many ways it is very different from the old Soviet Union.

Dark green: "A couple of years ago I converted my ancient barn into an eco-friendly house with heat-exchange pumps, grey water collection, massive insulation… the lot," says the famous British restaurateur Prue Leith. "The installer promised [me] reduced bills amounting to a payback in 20 years. I'll be dead by then, I thought, but better do the right thing, and went ahead.

"First of all, it didn't work, and the house was icy as the grave. Now it does – and it costs more to heat than my old and decidedly un-green one did."

Wise words: *A bull market is like sex – it feels best just before it ends.* Barton Biggs.

Martin

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