►On Target

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Investing in a World of Poor Growth

As investors, most of our strategies for protecting our capital and profiting from future trends are based on how markets behaved in the past. But increasingly that doesn't seem to work.

Strange things have been happening over the past four years.

Growth in corporate earnings has almost disappeared in America, yet share prices are in a firm up-trend.

Bonds are so highly valued that they trade on yields so low they seem ridiculous.

A tidal wave of money inflates the values of almost all major tradeable assets (not quite all… gold has been ignored).

Historically, the dollar has tended to weaken when Wall Street is on the rise, and vice versa. But recently the two have moved up in tandem.

And historically, commodities have closely tracked equities. But commodities are no longer doing that. They've been declining while Wall Street has been rising.

Globally, economic growth has recovered from the credit crisis, but remains relatively weak. Consumers and businessmen lack confidence in the future, while governments increasingly resort to extreme and risky strategies to engineer a return to the glory days. The outlook is not encouraging.

Nevertheless, there are reasons for optimism…

► Most economists believe that the current weakness in the world's economic growth is a temporary phenomenon. They forecast a pick-up in growth later this year and into 2016. That will be good news for corporate profits.

Most argue that the long period of depressed confidence that came with the shock of the sub-prime crisis will soon come to an end, as has always happened after previous major credit crises.

► Central banks continue to flood the world with liquidity. Even though improving economic growth will give them room to start trimming back their easy-money policies, they are likely to be very cautious about doing that, because of the risk of scaring investors.

► The recent sharp rise in the yields of Bunds and other sovereign bonds suggests that markets are starting to anticipate a comeback for inflation. The implication is that that will mean stronger economic growth and improving corporate profits.

► There's inadequate supply of additional sound assets to meet demand from long-term investment funds. Citigroup reported recently that, after taking into account central bank activities and corporate buybacks, net global security issuance is zero.

► Although investment assets may seem very expensive, that doesn't mean their values can't go higher. If inflation is coming down the tracks, that will be good for equities. If disinflation continues, that will continue to underpin bonds because their yields will be sustained, even boosted, in real terms.

► The major long-term positive factors that have driven economic growth such as globalization and the emergence of a huge new middle class in Asia may be weakening, but they remain strong, while the technology revolution could be on the verge of another upsurge.

Where does that leave us with prospects for major asset classes?

EQUITIES

Growth in corporate earnings has stalled. Profits of companies in the MSCI World Index have fallen by nearly 4 per cent over the past 12 months.

This suggests that global markets generally have entered a period of corrections and consolidation before resuming their up-trends.

In the US, many negatives suggest the six-year bull market in the US may be coming to an end. For example…

► There's been almost no growth in corporate profits over the past year. The boost to earnings brought about through cost-cutting, ultra-low interest rates, and financial engineering such as borrowing to finance bigger payouts to shareholders, seems to be running out of steam.

► The strong dollar has been bad news for American companies, which get almost half their earnings from exports and their businesses based in countries with weaker currencies, and good news for their European and Japanese competitors.

However, that's no longer true. The sharp rise in the dollar since mid-2014 came to an end in March. Since then the greenback has been weakening, the euro strengthening.

► Buybacks set a new record in the US in April and merger and acquisition activity has exceeded its previous record set in the summer of 2007, just before the credit crisis.

This shows companies lack confidence about future prospects. They're unwilling to invest in expanding productive capacity to meet future market growth. They prefer to hoard cash, distribute immediate rewards to shareholders and top executives, strengthen their balance sheets, and seek greater efficiency through mergers or acquisitions.

► Stronger employment data in the US increases the chances of an early rise in the Fed funds rate, the start of "normalization" of interest rates – which will also mean more expensive credit.

Markets are starting to prepare for that by switching away from sectors whose earnings will be sensitive to rising interest rates because of heavy debt loads such as real-estate investment trusts and utilities. Those two categories have earnings 4.9 and 3.7 times more sensitive to increases in such costs than the 1.4 times average for the 500 largest US companies as a whole.

► Falling unemployment should mean employers have to offer higher pay, bringing to an end another source of good profits – relatively cheap labour.

► The S&P 500 has essentially flatlined since December. Forward momentum is lacking.

►Valuations are high by many measures, leaving them vulnerable to a big sell-off. Corporate profits are very high relative to personal incomes, and Wall Street is trading at 27 times their average earnings for the past ten years.

But that won't necessarily mean the end of the bull market.

The US economy continues to present a mixed picture. Positives include falling unemployment and a pick-up in workers' incomes. On the negative side, retail sales have been sluggish and growth in private residential construction has evaporated.

But the charts don't show any signs of a reversal yet in the strong and consistent bull-market trend on Wall Street, apart from loss of upside momentum in Transports and Utilities.

A major correction, such as a decline of 10, 15 per cent, possibly more, is widely expected in the next few weeks. Whether that "represents a buying opportunity, or the eve of significant declines, will depend on whether the economy and earnings pick up," says the *FT*'s Nicole Bullock.

Either way, good news for shares

If the Fed does start to raise interest rates, it will only do so because it is more optimistic about the outlook for economic growth. That will be good for corporate profits. If it doesn't, easy-money policies will be maintained, underpinning valuations.

The US is too big and too strong for investors to ignore its equities for long. It has so many companies with superb management and global presence, it is the world leader in technology, has energy independence, and has none of the geopolitical risks that are obvious in Europe and Asia.

What about share markets other than the US?

China has been easily the strongest over the past 12 months, with the Shanghai index more than doubling, while in Shenzhen, which lists more small-caps, techs and similar higher-risk stocks, the index trebled.

As you probably know, the mainland share markets are still almost entirely closed to foreign investors. They can access some mainland companies through their listings in Hong Kong or other major international exchanges such as New York.

Those haven't done as well as their listings on the mainland bourses because they are less exposed to speculators and weighed down by the pessimism about China that is widely prevalent in the international investment community.

The negatives are well known, relating to the power of the government to manipulate the giant state-controlled companies; poorly-focused and excessive investment, especially in real estate; dodgy accounting and corruption.

However, the pessimists have recently been proved spectacularly wrong. They have never understood that political will is the key to understanding China. And Beijing has lots of that. Arguably it has the toughest and most competent government of any major nation.

The recent explosive surge in China stocks can be attributed to…

► A succession of government measures to encourage investment in equities to divert the nation's enormous annual savings from capital gain-seeking in property to wealth creation in business.

► A switch in official priorities from constraint, to curb speculation, especially in property, to stimulation to prevent a slowdown seen as going too far.

► Chinese investors have awakened to the opportunities to profit in shares. There's been an explosion in credit-fuelled buying. Recently more than a million new trading accounts were being opened every week.

China stocks are cheap and attractive

I remain optimistic about China equities, with valuations of many heavyweights still very attractive by global standards. The "Red Chip" shares of mainland companies listed in Hong Kong have been trading on average price/earnings ratios of just ten times and dividend yields around 3 per cent.

The biggest Chinese banks are excellent equity income stocks offering dividend yields around 4 per cent, 2½ or 3 times covered by earnings, and backed by the power and immense resources of the Chinese state, their major shareholder.

At the opposite extreme are the very expensive – but very promising – e-commerce companies such as the giants Alibaba, Tencent and Baidu.

China shares are well into a major correction driven by a panicky exit by speculators – we could see some continuing strong downside. But this weakness should be seen as an opportunity to initiate or increase your China holdings. The Hong Kong "Red Chips" index (HSCEI) would need to breach 11,500 on the downside to signal an end to the bull market.

Europe is widely viewed as the most attractive alternative to the US for investors who are frightened of China. Its markets bottomed three years ago and have been trending upwards, although they've recently corrected sharply.

The positives for European shares include…

► An avalanche of "printed" money and cheap credit. Because of the difficulties of achieving policy consensus among the governments of the 19 countries in the Eurozone, the European Central Bank came late to the party of Quantitative Easing, but is now participating with enthusiasm – to the planned extent of more than €1 trillion.

All that money has to go somewhere and, as has happened elsewhere, much of it doesn't go into economic growth but into speculation.

► Valuations have been improving recently. The Dow Jones Euro Stoxx index now trades on P/Es around 20x and yields of 3.5 per cent.

► The weakening in the euro, making it easier for companies to compete internationally and reducing the costs of energy imports.

However, recently we have seen currency trends turn against Europe with the euro strengthening against the dollar since March. It's difficult to judge whether that will persist, given the well-known negatives – the never-ending Greek crisis, the tense relationship with Russia over Ukraine, the avalanche of immigrants from Africa, and the prospect of a British exit from the European Union.

If there is any progress on those geopolitical fronts, or even if there is no progress but less fear about them, European stocks should resume their bull-market trend, which hit a new record high in April.

Strong earnings growth is forecast for this year… at last.

The giant French bank Société Générale says that although there are structural challenges such as unfavourable demographics (low birth rates) and high debt levels, positive factors include cheap imported energy, less pressure to impose painful fiscal reforms, and easy-money policies. Those "should sustain the current consumer-driven recovery."

Europe has many fine companies operating globally. Novo Nordisk supplies half the world's synthetic insulin to diabetes sufferers. Daimler, BMW and Volkswagen are giants in the world of motoring. International investors have been pouring money into such shares this year, especially via lower-risk funds hedged against euro weakness.

Once again, the land of rising sun

Japan's kabutocho (stock market) has been soaring since Shinzo Abe came to power and introduced his three-part stimulus plan. One part is aggressive depreciation of the exchange rate of the yen, which has lost 30 per cent of its value in dollar terms over the past 30 months. Another part is "money printing" on an unprecedented scale, far exceeding anything in the US, the UK or Europe.

The jury is still out on whether the third part – reforms such as reducing foreign trade barriers, deregulation and liberalizing the labour market – will be implemented. Political resistance is strong, and Abe's attention seems to have drifted away towards ideological issues such as a more robust military stance.

Economic growth continues to disappoint and there is no pick-up in inflation, a much-publicized target.

Among the reasons why Japanese shares are once again back in favour with international investors are these…

► The government is clearly determined to press on with weakening the yen and "printing" money until the economy looks better.

► The work force is contracting as the population declines (there is virtually no immigration, legal or illegal). This is starting to have positive results such as more female employment, some shift from temporary to permanent employment, and upward pressure on pay, which should improve personal incomes.

► Like Europe, Japan has some fine companies that are leaders in their fields. Think Toyota in cars, Fanuc in robots.

► Valuations are still not expensive, with shares in the Topix index trading on average PEs below 19x and yields around 1.6 per cent.

The market is probably due for a period of consolidation, before testing an index level near 1800. A breakout there would take Tokyo to its highest level in a quarter-century.

Some brief comments about other major markets…

Britain has been enjoying a bull market since early 2009 in line with Wall Street, which it tends to track. However, as in the US, earnings growth has disappeared. Further weakness is probable until the result of the referendum on Europe is known. I expect the outcome to be positive, and the markets will like that.

The UK also has some fine corporate giants operating globally.

India is currently experiencing a lengthy period of consolidation after earlier gains. The good news was the election of Narendra Modi, with his track record of favouring growth-friendly policies. The bad news is that he is making slow progress with implementing such policies because of political opposition and the sheer inertia inherent in the bureaucracy.

Many of the major obstacles to growth, such as poor infrastructure, have to be removed, and that will take a long time.

Corporate earnings have been falling sharply, but are expected to rebound this year.

Invest in Autonomies, Dividend Aristocrats

To conclude: Globally, shares will continue to be the least-worst of the generally-expensive major investment alternatives.

Their dividends will remain attractive in a world of increasingly desperate search for income, while equities will offer the prospect of protecting capital and continuing to deliver some gains.

Large companies, especially Autonomies and Dividend Aristocrats, are likely to be primary beneficiaries as conditions will remain unusually difficult for small business. Autonomies, a concept originated by my friend and fine analyst David Fuller, are very large, well-managed companies with strong brands and globally-diversified markets. Dividend Aristocrats are companies that have maintained and generally increased their dividends consistently over many years.

Asian companies generally will probably continue to offer the best values.

BONDS

The market for this investment asset class – in size, much larger than equities – recently experienced its own "flash crash." Yields on leading government bonds – US Treasuries and German Bunds – shot up suddenly, which meant their values plunged. (Prices of bonds move in the opposite direction to changes in their yields).

Those who have been advising against bonds like for ever, and have been consistently wrong, got excited. They said the crash marks the start (at last) of a bear market in bonds. If you've got any, sell them!

They may be right. The charts are giving some negative signals.

However, they could be wrong… once again. Charts of the most important government bonds, longdated Treasuries and Bunds, have NOT yet signalled a reversal in their decades-long bull market. In fact they tell you to stay invested in bonds.

Inflation has been falling for many years and many economies are now experiencing deflation – Switzerland, for example, where consumer prices have fallen 1.2 per cent over the past 12 months. In the US, the equivalent figure is a negative 0.2 per cent.

Key indicators are not yet signalling any significant pick-up in inflation over the next few years.

Investors generally overlook bonds as they are perceived to be boring, offering no growth, and at risk from rising inflation. These days their yields are considered ridiculously low.

Improving investor confidence can deliver capital gains

These perceptions are incorrect, or half-truths, and ignore the benefits they can provide to a personal portfolio…

► Bonds can deliver capital growth if interest rates fall. I recently gave the example of a German government bond ("Bund") in my family's portfolio that increased in value, and paid interest, to give a total return of 23 per cent over 12 months. That was after accounting for the sharp fall in their price.

Over the long term bonds aren't as likely to give as good returns as equities – but with much less volatility (short-term risk).

► Inflation is bad for bonds. But what if there isn't inflation? What if inflation is falling? What if we're heading into deflation? That's very good for bonds. Which is why the safest bonds, those issued by governments such as the US and Germany, have been consistently good investments for more than 20 years.

Investors who didn't have some of them missed out.

Globally, in fact, inflation is still falling. Good for bonds.

► When looking at those "ridiculously low" yields on offer, you must adjust for the impact of inflation.

Take as an example one of those ultra-safe government bonds paying just 1 per cent a year. If prices are inflating by 1 per cent a year, the yield you get is ZERO in real terms. But if prices start falling by 1 per cent a year (something like that is already happening in 40 countries), your real (inflation-adjusted) rate of return is 2 per cent.

Not great. But very much better than zero.

► Bonds often move in the opposite direction to equities. They add balance to your portfolio and reduce risk.

As an investment class, bonds are the second-best choice after equities.

They will continue to enjoy strong official support. Falling inflation and the emergence of some deflation – a likely trend -- will constitute an ideal environment for bonds. Their interest rates will remain very low, probably drift even lower.

After taking into account inflation/deflation, their real rates of interest will look much better than their nominal rates. The lowest-risk bonds such as US Treasuries, Bunds and Gilts will remain “must have” investments for long-term institutional investors such as pension funds. That will underpin demand and values.

Bond markets are likely to become less stable, much more volatile. But without inflation, there is no significant risk. And if inflation does re-emerge as a threat, you’ll be able to see it early and have time to exit from bonds.

They should be a part of every investor’s portfolio. How large a part will depend on your age, wealth, income needs, sensitivity to risk and personal preferences.

COMMODITIES

It’s a sector in a long-term down-trend.

Intensity of demand for industrial metals is declining as growth in China and other emerging economies edges away from steel and concrete into higher-value products requiring fewer materials, and on service industries needing none.

Coal is over-abundant; natural gas becoming so, thanks to the shale gas revolution.

Oil has been hit hard by weak growth in demand, a surge in supply from expanding American shale producers, and a successful downward price manipulation by Saudi Arabia. (There’s no clear proof why the Saudis did that, but the most likely reason is that they want to drive high-cost competitors out of the business}.

Longer-term, fundamental factors do offer some support for oil prices. But supply is likely to remain abundant. I expect prices to continue ranging, perhaps drifting upwards.

Commodities generally look unattractive, although shares of some of the best-managed companies could be held for their generous income yields.

GOLD

After trending downwards from its peak in 2011, the gold price has stabilized in recent months at around $1,200.

It may break down if the world continues to drift towards deflation. However, it’s more likely the market will continue building a base for a recovery. One that will probably be some time coming.

Long-term accumulation by central banks and individual investors, especially in Asia, underpins demand. But a no-flation, low-risk environment weakens its short/medium-term speculative attractions.

Staying invested in gold will be seen by aurophiles as the acceptable cost of insurance. It will continue to be viewed as the ultimate “antifragile” asset offering protection against the next financial catastrophe that will devastate wealth based on paper promises.

It should be one component of any balanced portfolio.

Conclusion:

The key features of the “New Normal” investment environment for some years to come are going to be:

► Disappointing economic growth, with an accompanying rise in political stresses; and

► A continuing flood of easy money and cheap credit.

No major change in those easy-money policies is likely for quite some time to come. Ignore the talk. Only respond to changes that actually occur.

Bad news about economic growth is good news for investors, as it drives governments to continue with stimulus plans such as easy-money policies, which mainly benefit investment markets. If we start to get good news about the world economy, that will be bad news for investors – rising interest rates, less money printing.

So the rule to guide you for the foreseeable future is this: bad news about economies is good news for investors, and vice versa.

How to Beat ISIS

It has been clear for some time that bombing – much favoured by the generals of the West as a means of beating the enemy without many deaths on your own side – doesn't achieve its main objective. In the type of low-tech warfare now found almost everywhere, bombing destroys buildings, not warriors, so it cannot deliver victory.

That is becoming increasingly clear in the war against ISIS in Iraq/Syria. The Americans and Europeans won't commit "boots on the ground" because that would result in casualties unacceptable to their voting publics. So they bomb, which is no more than aggressive gesturing.

There is another aspect to bombing that is becoming apparent – it destroys infrastructure, so whoever wins the war inherits a devastated wasteland. Victories are a bitter defeat for the ordinary people who have to rebuild their lives afterwards.

In Libya, the *FT* reported recently: "Western powers destroyed much of the North African nation's naval fleet in the 2011 war to unseat Muammer Gaddafi," leaving its coastguard unable "to stop the hundreds of thousands of African and Arab migrants attempting to cross the Mediterranean to Southern Europe."

What are we to think of governments that go to war for supposedly humanitarian reasons, without adequate or even any follow-through rebuilding the countries they've devastated?

ISIS has been winning because, as we have been seeing dramatically in Iraq, opposing forces, despite their far greater numbers, abandon their positions and flee. This "is not because they're outgunned, but because rampant corruption and appalling management leaves soldiers unpaid, under-fed, and short of ammo and functioning armoured vehicles," says writer Colin Freeman. That's one part of the failure.

If governments want to succeed against ISIS, there is a model for them to follow… Nigeria.

Eh?

What that country did when its army was unable to win against Boko Haram, the ISIS-linked movement terrorizing its North East and kidnapping hundreds of girls to sell them off as slaves, was to call in the South Africans. Not its army, but mercenaries denounced by their own government as criminals.

In January the Nigerians hired a team of them to crush Boko Haram. They trained the army, but also took an active part, gathering intelligence and flying attack helicopters.

Within weeks the ISIS forces were driven out of most of the area they occupied, back into the jungle.

It's a victory that foreign governments are too embarrassed to recognize. They hate to admit that in warfare, as in so many things, private enterprise can be much more successful than official armies. Mercenaries are often so effective that they become permanent components of official armies. Think of the British army's Gurkhas, of France's Foreign Legion.

Switzerland: Punished for Being Sensible

Switzerland is keeping its negative interest rates to as much as minus 1.25 per cent as it struggles to discourage foreign capital from flooding into the franc, whose trade-weighted value now approaches the level it reached in 2011, when the central bank pegged its exchange rate against the euro (a policy abandoned in January after three years).

For the moment, the negative rates are only imposed on corporate bank deposits, but it's feared that it will be extended to household deposits, punishing savers.

Negative rates create an incentive for institutional funds, such as pension funds, to escape the penalty on their cash holdings by keeping cash in the form of banknotes in a safety deposit box instead of in the form of bank deposits.

That "creates the bureaucratic incentive for governments to start making [it] illegal to hold cash," says CLSA's Christopher Wood, "just as the US federal government banned individual ownership of gold during the 1930s Great Depression to combat so-called 'hoarding.'

"Such are the unfortunate consequences when a small country is punished for running its affairs in a sensible fashion.

"And having a structural current account surplus primarily as a consequence of the income generated from profitable offshore investments, at a time when G7 economies remain committed to zero rate regimes and, in the specific case of the Draghi-run European Central Bank, a stated willingness to buying negative-yielding government bonds."

Dottiness in Diplomacy

Foreign policy was totally ignored by all parties during the recent UK election campaign, despite increasing disquiet on the subject among many interested in such matters who could never be considered as pro-Russian.

"It is difficult to understand why so much diplomatic and political heft has been dedicated to the Ukraine," writes my friend and controversial UK columnist, Robin Mitchinson.

"This is a country that is irremediably corrupt, that produces little that we want to buy, has no strategic significance for us, and has no more relevance to Western, especially British, interests, than Ulan Bator [the capital of Mongolia].

"The West should be reviewing the extent to which their interests coincide with, rather than conflict with, Russia's.

"This is not difficult. We both face the biggest threat to our security since the Cold War.

"The danger to Russia through Islamic terrorism is at least equal to that in the West. Large numbers of Chechnyans are fighting with ISIS. It is entirely possible that the bloody war in Chechnya is about to reignite, bringing terrorist attacks to Russia's main cities.

"Apart from security considerations the West, especially Germany, has vast manufacturing and energy investments in Russia. We should be fostering all this, not trying to damage our own interests by futile sanctions."

Tailpieces

Debt: I have been a lone voice arguing that much of it is "fake," in that it consists of money borrowed from one government agency (the central bank) by another (the finance ministry). It could be wiped out by cancelling it… writing it off as a central bank asset.

Interesting to see that the well-known international management consultancy, McKinsey & Co, has now taken up this idea. So it's not crazy (even though many of my friends oppose it).

McKinsey says that if government bonds owned by central banks are excluded, the government debt-to-GDP ratios for the US, Britain and Japan decline from 89, 92 and 234 per cent to 67, 63 and 94 per cent.

That would make it politically easier for governments to stimulate their economies, effectively and wisely, by boosting spending on infrastructure and tax cuts for the most dynamic, job-creating sectors such as small and midsized businesses.

Of course, they might instead just spend more in ways that are politically popular but negative in growth-stimulating terms, such as welfare.

That's the "moral hazard."

Misjudgments: Global consumer goods giants are starting to be hit hard by planning mistakes.

In China, the problem is they've underestimated the speed at which consumers are switching away from buying at physical outlets to on-line shopping. Unilever has seen sales of its famous brands such as Dove soap, Lux shampoo and Comfort water softener plunge by 20 per cent a quarter. Nestlé, Colgate-Palmolive and Beiersdorf have similarly missed out on the boom in e-commerce.

In Africa, there's a different problem. Nestlé vastly over-estimated growth of the middle class, so finds itself having to cut 15 per cent of its work-force. It has been investing heavily in factories aiming to double its business every three years. But now, says its chief exec for Equatorial Africa: "We don't have enough money every month to pay the bills."

Global freezing: Changes in solar activity suggest that the world has entered the first stage of another ice age, according to Professor Habibullo Abdussamatov, who heads the Russian space research laboratory and its climate change research.

"He has, in contrast to other climate scientists, consistently predicted the lack of global warming that the others' computer models have wrongly predicted," reports Allen Brooks of the US energy investment bank PPHB.

Abdussamatov says that human activity, widely blamed for producing greenhouse gases that drive climate change, is secondary and minor compared to the power of the sun.

Dud forecasting: The US Federal Reserve has, for the sixth year in succession since the financial crisis, cut its official forecast for economic growth. And the individual members of its board, comments one analyst, "have proved themselves to be among the world's worst economic forecasters."

In other words, Fed policy is based on consistently wrong assumptions.

100-year bonds: There have been a few of them, and many haven't come from issuers you might consider the safest for such a long term.

The latest is the Brazilian state oil giant Petrobras, currently embroiled in the country's largest corruption scandal, which is offering 8.85 per cent on a dollar bond maturing in 2115. Mexico has placed both dollar- and euro-denominated century bonds in recent years.

Property: Value of the global market rose 4 per cent to a new record high of $13.6 trillion last year, says the DTZ research group. Its Nigel Almond says: "Prime yields in a number of cities are back to where they were in 2007, but because of ultra-low interest rates they still look like an attractive investment."

Currencies: In preparation for a speech I gave at Chiangmai's Money Club last month, I did some thinking about how I expect them to perform over the next few years, based on long-term trends.

I ranked major units from strength to weakness in this order: Yuan, Swiss Franc, US Dollar, Sterling, Australian Dollar, Euro, Yen.

Oil: Despite the halving in its price over the past 12 months, production growth this year "remains exceptionally high," says the International Energy Agency.

Poor qualifications: In India university education is generally so inferior that the degrees granted don't count for much. Technology firms say only one-quarter of those with technical degrees are actually employable.

Wise words: *The first panacea for a mismanaged nation is inflation of the currency; the second is war. Both bring a temporary prosperity; both bring a permanent ruin. But both are the refuge of political and economic opportunists.* Ernest Hemingway.

Martin

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