►On Target

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Investing in a Noflation World

As investors, most of our strategies to profit from future trends are based on how markets behaved in the past.

But increasingly that doesn't seem to work. Bonds offer ridiculously low yields, yet continue to rise in value. Growth in corporate earnings has almost disappeared, yet share prices are in a firm up-trend. A tidal wave of money inflates values of all major tradeable assets, but not quite all… gold is declining.

Strange things have been happening in investment markets over the past 18 months.

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. Historically, commodities have closely tracked Wall Street, plunging in the credit crisis, rebounding thereafter. But commodities are no longer doing that.

What's going on? And how should we shape our asset portfolios to benefit from income and capital gains, while containing risk?

I think the key to understanding the new investment environment is accepting that the glory days aren't going to return. Global economic growth is going to remain weak for many years to come. Investment markets have been starting to adapt to that reality, and the so-called "second order" effects. The trends we've seen developing over recent months are likely to continue.

The most important causes of relatively poor growth are:

► **Debt**. It limits the capacity of policymakers to implement measures to stimulate economies. It encourages banks to be much more restrictive about lending and to intensify their preference for lowest-risk and least dynamic borrowers. Fear of the financial risk in gearing up to expand discourages businesses from making big bets on the future based on borrowed money.

Although there is some evidence of eradication of personal debt in the US, little has been done to address the issue of the toxic assets choking the European banking system, while public debt continues to rise everywhere.

In the past, the credit system was a major stimulant for growth. Now it is a major depressant.

► **Globalization** is losing its positive impact. The low-hanging fruit has been harvested, most spectacularly with the completion of massive industrial complexes in Asia.

Better-quality labour is no longer so cheap. There are fewer promising growth markets in the US and the European economies. The boom in natural resources is over. Protectionism is creeping back, most obviously in the form of the currencies war.

► **Fiscal constraints**. Governments no longer have the fire-power to boost economic growth through their own spending.

Without strong economic growth, tax revenues are depressed, while welfare costs are higher. There is increasing public hostility to ever-greater borrowing to finance stimulus measures. The extra resources liberated by the ending of the Cold War – the "peace dividend" – have long been expended.

► **Oriental moderation**. China has started to plan for lower growth as it moves to address major fundamental problems such as over-investment in fixed capital, poor public services, a real estate bubble, local government finance, corruption, pollution and energy resources.

India, Indonesia and other Asian economies, both emerging and already-developed, face similar or different but equally taxing problems.

Although Asian nations will continue to deliver high growth, and an increasing proportion of global growth, that won't happen at the levels of the glory days.

The outlook is for relative price stability

What are going to be the consequences of relatively sluggish economic activity for the world as a whole, for years to come?

Firstly, it's going to continue to be what I've dubbed A Noflation World… neither inflation nor deflation will be significant.

There will be no general inflation because there will be no buoyant demand for goods and services pressing on limited supply. Some stagflation in individual countries produced by weakness in their currencies, nothing more.

There will be no deflation because, unlike in the past, the state accounts for such a large share of all economic activity in advanced nations – in Europe, roughly half. And because central banks have made it clear that there is no limit to their capacity and willingness to "print" money to prevent deflation and stimulate growth of private-sector debt.

As investors, we should plan on the basis that easy-money policies are likely to continue indefinitely, with policy rates remaining ultra-low to encourage economic activity, contain political pressures, and reflect central bankers' well-grounded fear of the risks of normalization (that is, reverting to sensible interest rates).

Here are my medium-term probabilities:

► **Currencies:** Expect escalating volatility, management of exchange rates and international conflict. In terms of future strength, I rank the major units in this order: yuan, dollar, euro and franc, yen, sterling.

► **Equities:** There will be an increasingly difficult environment for corporate earnings growth, although noflation is a positive environment for cost control.

Shares will remain the least-worst of the major investment alternatives as real (even if low) income yields will be on offer in a world of increasingly desperate search for those -- as well as offering the prospect of protecting and enhancing capital gains.

Large companies, especially Autonomies and Dividend Aristocrats, are likely to be primary beneficiaries as conditions will remain unusually difficult for small business. Asian companies will probably continue generally to offer the best values.

► **Bonds:** The second-best choice. They will continue to enjoy strong official support. Interest rates will remain low, probably drift even lower – yet nevertheless be better than cash.

► **Commodities:** Intensity of demand for industrial metals is declining as growth in emerging economies edges away from steel and concrete into higher-value and service industries. Coal is over-abundant; natural gas becoming so, thanks to the shale gas revolution.

But supplies of oil and some other commodities remain constrained by development and operational costs, as well as geological and political limitations. Companies have to go ever-deeper under the oceans to access major oil finds, while many countries are closed to them by resource nationalism.

I expect prices to continue ranging. For example, we could see Brent crude remain in the channel of the past couple of years, fluctuating between $95 and $125 a barrel.

► **Gold:** Long-term accumulation by central banks and individual investors, especially in Asia, will underpin demand. But a noflation, low risk environment weakens its short/medium-term speculative attractions.

For quite some time we could see a downtrend in the dollar price, but without a steep slope – perhaps a drift averaging about 5 per cent a year for a while?

This will be seen by aurophiles as the acceptable cost of insurance against disaster. Gold 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.

Conclusion: The key features of the "New Normal" investment environment for some years to come are going to be disappointing economic growth and a continuing flood of easy money.

Any major moves that appear to challenge those assumptions – such as confusing waffle about an impending ending to easy-money policies -- are not likely to prove to be trend reversals. Those aren't likely to occur for quite some time to come. Invest accordingly.

Protecting Yourself Against the Unpredictable

The latest book from Nassim Nicholas Taleb, the New York professor famous for dubbing large-scale, unpredictable and irregular events of massive consequences such as the astonishing success of Google, or 9/11, as Black Swans, is an advisory on how your behaviour, lifestyle and assets can be shaped to minimize such risks, even benefit from them*.

"Antifragility," as he calls it, is the characteristic of anything that has more upside than downside from random events, so the more of that thing you possess, the better.

Here's his example of an antifragile investment strategy: "If you put 90 per cent of your funds in boring cash (assuming you are protected from inflation)… and 10 per cent in very risky, maximally risky, securities, you cannot possibly lose more than 10 per cent, while you are exposed to massive upside. Someone with 100 per cent in so-called 'medium' risk securities has a risk of total ruin from the miscomputation of risks."

He calls this his "barbell technique" – any dual strategy composed of opposing extremes without the "corruption" of the middle.

Somehow, "they all result in favourable asymmetries," while fixing the problem of exposure to rare events whose likelihood and magnitude cannot be predicted.

By contrast, there is much greater risk in many things that appear to be only moderately risky, because they are "fragile" – vulnerable to the volatility of changes that affect them.

Consequent damage turns out to be much greater than expected because of "convexity." That's the characteristic of any successive changes in a primary factor to produce accelerating second-order effects. Example: beyond a certain point, additional cars on a highway not only cause an increase in congestion -- each addition produces a disproportionately greater increase in congestion.

In managing your life, Taleb warns, be wary of those who are "antifragile" at the expense of others because they don't have "skin in the game." The ultimate interest of your stockbroker, for example, is his own profit rather than your financial health.

So… "Never ask anyone for their opinion, forecast or recommendation. Just ask them what they have – or don't have – in their portfolio."

Forest fires, turkeys and grandma

Here are a few other interesting snippets from Taleb's book…

► Some things benefit from shocks. They thrive when exposed to volatility and disorder, so it can be a mistake to shield things (or people) against stress. "Small forest fires periodically cleanse the system of the most flammable material, so this does not have the opportunity to accumulate. Systematically preventing forest fires from taking place 'to be safe' makes the big one much worse."

► "Average is of no significance when one is fragile to variations." Example: if you're told your grandmother will spend the next two hours in an average temperature of about 21 degrees, that sounds very desirable. But if it turns out that the average was derived from one hour at minus 18 degrees and the second hour at around 60, "you will most certainly end up with no grandmother, a funeral… and possibly an inheritance."

► "The mother of all harmful mistakes – mistaking absence of evidence of harm for evidence of absence." Example: a turkey is fed for a thousand days by a butcher. "Every day confirms to its staff of analysts that butchers love turkeys 'with increasing statistical evidence.' Then comes the day when it is really not a very good idea to be a turkey…"

► The more complicated the regulation, the more prone it is for arbitrage by insiders… "a gold mine for former regulators." In African countries, government officials get explicit bribes. In the US “we have the implicit, never-mentioned promise to go work for a bank at a later date [for]… say $5 million a year if they are seen favourably by the industry.”

► Switzerland is “perhaps the most successful country in history” because its government is so decentralized – “a collection of small municipalities left to their own devices” – and an educational system based on apprenticeship and vocational training. It’s traditionally had “a very low level of university education compared to the rest of the rich nations.”

► Harvard’s former president Larry Summers got into trouble with the feminist lobby for clumsily trying to explain that although males and females have equal intelligence, there is greater dispersion in the male population – more highly intelligent men and more highly unintelligent ones. This explains why men are over-represented in the scientific and intellectual community – and also over-represented in jails.

► One of the most consequential technologies ever developed “seems to be the one people talk about the least: the condom.”

*Antifragile: Things That Gain from Disorder” by Nassim Nicholas Taleb, professor of risk engineering, pub. by Random House.

Risks and Opportunities in Gas and Oil

The three-quarter billion loss by US oil/gas developer/producer Hess Energy on its Eagle Ford venture in South Texas has highlighted the oft-underrated cost risks in exploiting shale deposits, at a time when the whole idea that the shale revolution is transforming US energy supply is being increasingly challenged.

Hess has pulled out of the Eagle Ford business after losses estimated by outside analysts at about two dollars for every three it spent.

The problem facing the shale industry is viability.

Gas prices are low in the US, having fallen from $13 per unit* in 2008 to as low as $2 a year ago, and are still about only $4.

Costs are high, partly because the way the industry is structured forces companies to continue investing heavily in developing their shale assets, like having to pedal a bicycle to avoid falling off.

That investment keeps production rising strongly, depressing gas prices. It’s a vicious circle.

Companies only stay in the business because they assume that eventually the increase in supply will slacken, and/or demand will continue to rise because gas is so competitive relative to other fuels, until prices rise, making the business profitable, or significantly more so.

Optimists, who predominate in the investment community, believe that gas and liquids recovered from shale and other “tight rocks” will bring about “Saudi America” – total energy independence from imported supplies for the US.

As exploitation of shale spreads to other nations with very large deposits such as China, South Africa, even England, the world as a whole can expect an abundance of cheap energy without the downsides of renewables, nuclear power or coal.

"Wall Street investment research firms have fully embraced the concept of the United States and/or North America becoming home to the largest oil output growth in the future," says energy banking specialist Allen Brooks.

"That view helps Wall Street energy equity analysts sell investment recommendations for the stocks of domestic oil and gas producers and oilfield service companies."

One such forecast projects a growth in US oil production over nine years from 8.9 million to 13.5 million barrels a day – essentially all of the growth to come from tight oil and shale oil plays.

The International Energy Agency expects global natural gas production to rise by 56 per cent over the 25 years, with the contribution by unconventional sources such as shale increasing from 14 per cent of supply to 32 per cent.

The IEA expects the world's oil production to continue trending upwards at about the same rate as in recent decades. However, Brooke comments: "The IEA has become more realistic in its projections compared to its earlier rosy view."

Many market forecasts "assume the industry will develop the technology to solve the technical challenges of increasing production, especially as it relates to the escalating costs of trying to extract hydrocarbons from increasingly poor quality rocks."

A new report from the Energy Watch Group (warning: part of the renewables lobby) argues that oil production has been on a plateau since 2005 and will decline sharply over the next quarter-century.

On the other side of the supply/demand balance, what's going to happen to consumption? Royal Dutch Shell reckons it's likely to grow by about 40 to 50 per cent over the same period.

Looks to me like a good long-term outlook for prices of oil and natural gas, and therefore an encouraging environment for investors.

Kurt Wulff, the Canadian analyst, currently rates Exxon Mobil, the world's biggest oil/gas company, as a "contrarian buy" on the basis of best present-value among large-cap energy stocks. He gives his next-highest ratings to Australia's Woodside Petroleum, PetroChina, and the US independent EOG Resources.

He bases his estimates on long-term prices of $100 for oil and $6 for gas.

*The unit used for natural gas of 1,000 cu.ft. is equivalent to 5.8 barrels of oil in energy content.

Are Even Defensive Stocks Too Expensive?

Inflation continues to decline in all major economies. That "may soon translate into weaker earnings for multinationals," reports the *WSJ*'s Spencer Jakab.

In America the 500 largest listed companies experienced zero sales growth in the first quarter. Although there was a small rise in earnings, that was achieved largely by further cost-cutting – "which can't go on forever."

"With the high-yield debt markets (and particularly the deeply junk triple C company issuers) in territory that is clearly borderline at below 5 per cent, and prices way too high, most investors are embracing the stock market with renewed passion," says the *FT*'s Henny Sender.

"That is true even as most believe that asset prices no longer reflect the more sober reality of underlying growth."

One consequence is, as the *WSJ* puts it: "The unusual sight of stodgy, slow-growing companies commanding higher valuations than stocks with fast-growing profit streams" because of the perceived safety in reliable dividend-payers. "This is especially unusual in the bull market," with Wall Street hitting new highs.

Some fear that the most defensive stocks are now dangerously expensive. James Swanson of MFS Investment Management points to the "glaring discrepancy" between "tech companies that have double-digit earnings growth, no debt, huge cash balances and they're trading at 12 times forward earnings, while you have a utility in Ohio at 16 times earnings."

Others argue that equity markets are making up lost ground by giving greater preference to dividend yields – as they did in the past, with dividends accounting for more than half total returns in the US since 1928. S&P 500 companies still only pay out a third of their profits as dividends, well below the long-term average of about 50 per cent.

Money that has typically gone into fixed-income securities is being driven out of them by low interest rates, crushed by money printing. They're going into dividend-paying equities as bond substitutes, which means they're likely to be strong holders.

In a world where interest rates in developed nations are likely to remain at or near zero for several more years, "long-term outperformance will continue to be achieved by owning dividend stocks with a growth story," says the CLSA Asia-Pacific Markets strategist Christopher Wood.

Investment Profits Potential in China

"Now is a good time to go against the crowd and take a more positive stance on China," argues Daiwa Securities' Mingchun Sun. Despite continuing very high economic growth, share valuations are among the cheapest.

For years Chinese investors have much preferred real estate to equities. Which is not surprising, as China was the world's top-performing property market from 2008 to last year.

However, residential real estate is now arguably a saturated market, with limited upside potential.

Home ownership is among the highest in the world, while one-fifth of urban families already owning two or more properties. And the government is increasingly negative towards private investment in housing as it seeks to contain speculation.

If families who lost heavily when the stockmarket bubble burst in 2007 recover their confidence in equity investment, there is huge potential.

Chinese are the world's biggest savers, but park 58 per cent of their money in bank deposits and keep 18 per cent in cash at home.

Less than 20 per cent goes into shares directly and equity funds. US mutual funds have assets roughly the size of GDP; in China the equivalent figure is just 5 per cent.

The government is steadily pushing forward with measures to stimulate equity markets, but the latter continue to drift as they lack a strong catalyst.

That may come from an unexpected quarter – foreign demand.

China offers complete lack of correlation with other Wall Street-led major markets – an attraction for institutional investors seeking to reduce risk through balance in portfolios.

In a world hungry for yield, there are some interesting opportunities in big companies with high, well-covered diviends. And in a world where it is increasingly difficult for companies to achieve earnings growth, the potential in a huge, fast-growing middle-class is an enticing prospect.

No Key to Greater Prosperity

Science and technology aren't going to lift world economic growth the way "technoptimists" expect, historian Niall Ferguson argues in his interesting new book about the mess we're in, *The Great Degeneration**.

"The harsh reality is that… the next 25 years… are highly unlikely to see more dramatic changes than science and technology produced in the last 25…

"The end of the Cold War and the Asian economic miracle provided one-off, non-repeatable stimuli to the process of innovation in the form of a massive reduction in labour costs and therefore the price of hardware (not to mention all those ex-Soviet PhDs who could finally do something useful).

"The IT revolution that began in the 1980s was important in terms of its productivity impact inside the US… but we are surely now in the realm of diminishing returns (the symptoms of which are deflation plus underemployment due partly to automation of unskilled work.

"Likewise, the breakthroughs we can expect as a result of the successful mapping of the human genome will probably result in further extensions of the average lifespan. But if we make no commensurate advances in neuroscience – if we succeed in protracting the life of the body but not of the mind – the net economic consequences will be negative, because we will simply increase the number of dependent elderly.

"The achievements of the last 25 years were not especially impressive compared with what we did in the preceding 25 years, 1961-86 (for example, landing men on the moon). And the technological milestones of the 25 years before that, 1935-60, were even more remarkable (such as splitting the atom).

"Travel speeds have declined since the days of Concorde. Green energy is 'unaffordable energy.' And we lack the ambition to 'declare war' on Alzheimer's disease, 'even though nearly a third of America's 85-year-olds suffer from some form of dementia.'

"Moreover, technological optimists have to explain why the rapid scientific technological progress in those earlier periods coincided with massive conflict between armed ideologies. (Question: Which was the world's most scientifically advanced society in 1932, in terms of Nobel Prize-winners in the sciences? Answer: Germany)".

[Ferguson doesn't make the point, but it was the Fischer-Tropsch discovery that enable Germany to make half its liquid fuels from coal and greatly extend the Second World War].

"There was great technological progress during the 1930s. But it did not end the Depression. That took a world war."

**The Great Degeneration by Niall Ferguson, pub. by Allen Lane.*

Is Deflation the Fat Tail Risk?

There is currently a popular view that Quantitative Easing seems to be working in stimulating the American economy, influencing investors to consider reducing their asset purchases in anticipation of normalization of interest rates in the near future – but "I don't believe that," says Newton Real Return fund manager Iain Stewart.

"The numbers" – figures showing economic growth – "are quite soft."

Central banks are keen to keep interest rates low – and below inflation – "for a very long time in order to pay off the huge amounts of debt in the system."

Although most investors are focused on the long-term inflation risk from the central banks' credit bubble, the more immediate problem may be deflation as money printing fails to stimulate economic growth because businesses don't want to borrow (adding to their debt) to finance expansion.

One expert, Konstantinos Xeroudakis, points out that copper – an important indicator of what's happening in the global economy – has fallen sharply, while the ratio of indexed to traditional fixed-rate US Treasury bonds is declining.

"Market participants are more afraid of deflation than inflation… Deflation could be the fat tail [risk]."

A Coming Demographic Dividend

The US economy is about to get a fundamental boost from the saving and spending behaviour of its largest-ever population segment – young adults in the age range 18 to 37 called Generation Y by some, Millennials by others. There are 86 million of them, a cohort 7 per cent larger than the baby-boom generation.

Analysts argue they could surprise as they mature with their economic might and spending power, impacting on industries such as housing and automobiles, retailing, and financial services.

As Millennials are likely to be less confident about their financial security – jobs, retirement income, public services – "they will need to begin saving sooner, and save more than their parents – which is good news for the stock market, but not necessarily for consumption," comments investment banker Allen Brooks.

The Boston Consulting Group estimates that once the economy escapes from its current sluggishness, the growing importance of Generation Y will boost growth by a full percentage point of GDP and consumer spending will rise from the current 2 per cent annual growth rate to return to the long-term average of 3½ to 4 per cent.

Funds' Misleading Expense Ratios

The real costs of investing in collective funds are much larger than they appear. Total Expense Ratios are a misnomer because they don't include additional costs, the most important arising from the purchase and sale of securities by the fund.

A study published in the US in 2001 showed that active, large-cap mutual funds with claimed TERs averaging 1.3 per cent actually had annual costs totaling 2.2 per cent. Small-cap funds had claimed TERs of 1.6 per cent, but actual costs of 4.1 per cent. Emerging-market funds with claimed TERs of 2 per cent had total expenses in fact of 9 per cent!

A similar study in Britain in 2007 revealed that transaction costs alone, not included in published TERs, could be anything from 0.2 to 3.1 per cent a year for large-cap, UK-equity unit trusts, depending on the level of activity in buying and selling of securities in portfolios – anything from 0.8 to 11 per cent in emerging-market funds.

Fund management costs sharply reduce returns to investors. In an example given by Frontier Investment Management, starting capital of £100,000 growing at 10 per cent a year would grow to £1.7 million over 30 years, but after the typical costs of UK large-cap equity funds, both TERs and "hidden" expenses, the net return would be only £700,000.

Tailpieces

Autonomies: Income-producing shares of the giant international companies focused supplying the growing markets of the mega-cities and expanding middle classes of the emerging economies "should be the 'new bonds' or safe-haven investments of the Western middle classes," Russell Taylor says in *Money Management*.

"Although most of these are American, some are European, with Switzerland having a disproportionate share.

"Switzerland is always ranked as one of the best of all business environments and, with its ultra-hard currency, any Swiss company has to try much harder than any of its worldwide competitors."

When considering investment in quality equities or corporate bonds, "the Swiss are best – mostly boring success stories like Nestlé – and cover most of the sectors the emerging world wants, from pharmaceuticals, engineering, infrastructure, to consumer goodies of all types."

Illusory returns: Financial advisers continue to advocate portfolios heavily weighted towards equities because it was a winning strategy for most of their working lives. But that was a once-in-a-lifetime strategy if you consider historical experience, suggests Tim Price of PFP Wealth Management in London.

In the 15 periods of 20 years over the past 300, 1980-99 was the only one when UK equities delivered high (8 to 10 per cent) average annual returns in real terms.

Returns for all the other 20-year periods ranged from plus 4 per cent down to minus 6 per cent.

A good part of returns in 1980-99 "were somewhat illusory… They occurred during a once-in-a-century period of extraordinary credit creation – those market returns were in large part borrowed from the future."

Investors buying into shares now in expectation of a repetition of the high-returns scenario are "somewhat delusional."

Coal makes a comeback: The low cost of natural gas in North America, driving power generators to switch away from coal, is sending miners on a search for alternative markets abroad. Last year US exports of coal to Europe rose 23 per cent, to 66 million tons.
One ironic consequence is that in Europe, where gas is relatively expensive, coal is undercutting gas, despite the strength of a carbonatic lobby that hates the stuff. In Germany, of all countries, a gas-fired power station was shut down last month by its owner, Statkraft, on the grounds that it can't compete with coal-fuelled rivals, while the German utility E.ON has also announced it's seriously considering closing several gas-driven power plants.

UK dottiness diary: A reader offers this "reality check" comparing entitlements of state old-age pensioners – who "worked hard and paid their income tax and national insurance contributions to the government all their working life" – with those of illegal immigrants and refugees who have made no such contributions…

	Pensioners	Illegals, refugees
Weekly allowance:	£106	£250
Weekly spouse allowance:	£25	£225
Additional weekly hardship allowance:	£0	£100
Total annual benefits	£6,000	£29,900

Paying for the mistakes: "In the developed world total debt – including that of the financial sector, consumers and companies as well as governments – is so high that it is implausible that it can be repaid via the fruits of economic growth," says *The Economist.*

"The debt must either be written off (defaulted on) or slowly inflated away. That means inflicting pain on someone." Which makes it increasingly difficult to sort out crises in the Eurozone – "because no one wants to take the hit."

Job creation: In Germany between 2007 and 2010 small and midsized companies added 104,000 jobs, while bigger companies cut 120,000 positions, according to a new study. This is the latest evidence that it's madness for governments to implement policies that favour big business, while neglecting to focus stimulus where it would be most effective, in the small/midsized business sector.

Wealthy elite: According to a study by Gan Li, a professor at the China Southwestern University of Finance and Economics, the richest tenth of households in China own 87 per cent of national wealth, control 75 per cent of savings and get 57 per cent of total disposable income. That's Communism… err, capitalism… Chinese style.

Ratios mislead: A UK study called *Anatomy of Stock Market Valuation* concluded that popular ratios such as price/earnings, price-to-book and historic dividend yields have been poor forecasters of the future.

Many, however, continue to use these as filters. Your target should be shares whose price/earnings multiples are no greater than their own earnings percentage growth rates, and don't buy any whose PEs are twice or more their growth rates, advises one American investment manager, John Train.

Hedge funds: An *FT* analysis of what resulted from advice given at the prestigious Ira Sohn conference in New York last year is that investors who followed all the top tips given "would have spectacularly failed to beat the market," achieving a return below that from a passive index fund tracking Wall Street.

Beached: All three of the submarines South Africa bought from Germany for around $1 billion are no longer operational after a series of mishaps. In the latest incident, a boat struck the ocean floor. Its commander, one Handsome Matsana, has been sent home to rest on full pay.

Wise words: *Politicians are the same all over – they promise to build a bridge even where there is no river.* Nikita Khruschev, Soviet leader.

Martin