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Liars led by junkies

“In my several decades as a financial and economics commentator – covering banking crises dating back to the early 1970s and the Latin American debt catastrophes of the early 1980s – I have never heard a sitting [Bank of England] governor talk in such apocalyptic terms about the parlous state of the global financial system.”

- Alex Brummer, [The Daily Mail](#).

So what precisely did our inflation-fighter-in-chief actually say ? Well, that euro zone instability had created

“an exceptionally threatening environment”

as falling government debt prices, softening confidence and distressed asset sales threaten to

“spiral”

into a systemic financial crisis. Also, the UK financial system was encouraged to continue building up capital to bolster against an

“extraordinarily serious”

situation not of its own making and which it could not resolve. Also,

“The crisis in the euro area is one of solvency not liquidity. And the interconnectedness of major banks means the banking systems and economies around the world are all affected. Only the governments directly involved can find a way out of this crisis.”

And

“If debt is not to [continue] exploding to ever more unsustainable levels, transfers will be required together with the plan to restore the competitiveness within the euro area. There comes a point where the creditors need to realise that the scale of the debt owed to them is so large that they may have to be part of the solution.”

Strong stuff from a fellow who looks like the hamster in 'Danger Mouse'. It is all a waste of time, of course, more than a day late and more than a trillion short in whichever currency you care to proffer.

Perhaps things are not quite as bad as they seem. Last week in London we had the pleasure of hearing Gordon Corrigan speaking at [Owen James](#)' always stimulating 'Meeting of Minds' investment seminar. The intention of his speech was to put to rest a few myths about Britain's role in the Great War. There was undeniable tragedy during those dreadful four years, but could there be a chance, asked the ex-Gurkha Major, that the Brits have tended to mythologise the whole World War One experience, magnify the national role, and accentuate the negative – a process that hardens with every passing year ?

The late Alan Clark once quoted a conversation between a German general and one of his men that has not just entered the national psyche but become firmly embedded there. These British fight like lions, observed the soldier. Yes they do, replied the general: lions led by donkeys. But apparently Alan Clark made it up. No such conversation ever took place.

And there are evidently plenty of other established "facts" about the Great War that turn out to be somewhat detached from the *actualité*.

"The popular British view of the Great War is of a useless slaughter of hundreds of thousands of patriotic volunteers, flung against barbed wire and machine guns by stupid generals who never went anywhere near the front line. When these young men could do no more, they were hauled before kangaroo courts, given no opportunity to defend themselves, and then taken out and shot at dawn. The facts are that over 200 British generals were killed, wounded or captured in the war, and that of the five million men who passed through the British Army 2,300 were sentenced to death by military courts, of whom ninety per cent were pardoned."

The popular conception is that nearly every family in Britain had somebody killed in it. But according to the official census reports, there were approximately 9,800,000 households in Britain in 1914. The British lost 704,208 dead in the Great War. So statistically, only one family in 14 lost a member. Although there were undoubtedly certain parts of the country where fatalities were concentrated due to the way in which British infantry were recruited back then, there were large swathes of the country from where no one was killed. Corrigan has spoken of his own family, and his own black-clad Great Aunt, who never married – perhaps because all of her boyfriends and potential boyfriends met their end at the front ? "Nonsense," suggests an uncle – his Great Aunt never married because she was "simply too damned ugly".

By Gordon Corrigan's account, British soldiers actually spent more time playing football than facing the enemy. By regularly rotating the soldiery and never keeping men in maximum danger for more than relatively short periods of time, the British army was alone among the major forces on the Western Front in never suffering a collapse of morale leading to mutiny.

One in 65 of the British population was killed in the war; for the French, the figure was one in 28. One in every 12 men mobilised in Britain was killed; for the French, one in six. For the Germans, one in 31 of the population was killed, one in every seven mobilised, as shown in the table below:

Country	Population in 1914	Men mobilised	Men killed	Percentage of soldiers killed	Percentage of population killed
France	39,000,000	8,500,000	1,391,000	16.4	3.7
United Kingdom	45,750,000	8,375,000	702,410	8.4	1.5
Germany	60,300,000	13,250,000	1,950,000	14.7	3.2

Source: 'Mud, Blood and Poppycock: Britain and the Great War'

France, with a population six and a half million less than that of the UK, mobilised more men and suffered nearly twice as many deaths. Unlike in the UK, the demographic effect on France was enormous.

The perception of soldiering in the Great War has the young patriot enlisting in 1914 to do his bit and then being shipped off to France.

“Arriving at one of the Channel Ports he marches all the way up the front, singing ‘Tipperary’ and smoking his pipe, forage cap on the back of his head. Reaching the firing line, he is put into a filthy hole in the ground and stays there until 1918. If he survives, he is fed a tasteless and meagre diet of bully beef and biscuits. Most days, if he is not being shelled or bombed, he goes ‘over the top’ and attacks a German in a similar position a few yards away across no man’s land. He never sees a general and rarely changes his lice-infested clothes, while rats gnaw the dead bodies of his comrades.”

Just on the topic of transportation, many soldiers were moved by train until a few miles from the front, and as the war went on, motor lorries and even London buses were used as troop carriers. And as Corrigan has already pointed out, the rotation of troops alone ensured that conditions were altogether more bearable than the popular conception would have it.

But back to the present. The war then may have been ultimately much less bleak for the British, for example, than the media and propaganda have portrayed. That does not mean that the peace now is any less bad for any of us than Mervyn King suggests. As investors we remain trapped in a surreal nightmare in which clueless politicians and desperate central bankers can see nothing other than money printing as a way out of the gloom. In the euro zone the problem is worse to the extent that the currency crisis is not merely severe but existential. Tragically, former voices of sanity such as The Telegraph’s Ambrose Evans-Pritchard seem to have now taken leave of their senses and joined with the inflationists, as this recent [mad piece](#) indicates.

“This crisis can be stopped very easily by monetary policy.. to expand the quantity of money..”

Oh, really ? I am indebted to Tony Deden for the following quotation, from Alasdair Macleod in excerpts from a [speech](#) given to the Committee for Monetary Research and Education, given in New York on 20 October 2011:

“I support sound money for two very good reasons. Firstly, it is a basic human right to choose to save, without our savings being debased by the tax of monetary inflation. Those who are worst affected by this inflation tax are not the rich, they benefit; but the poor and the barely well-off, which is why monetary inflation undermines society and why the right to sound money should be respected. If government gives itself a monopoly over money, it has a duty to protect the property rights vested in it.

“Secondly, it is a basic right for us to own our own money rather than have it owned by the banks. For them to take our money and expand credit on the back of it debases it. It is an abuse of an individual’s property rights and a banking licence is a government licence to do so. If anyone else was to do this, they would be guilty of fraud. Banks should be custodians of our money, and it should not appear in their balance sheets as their property..

“Sound money guarantees a stable yet progressive economy where people are truly equal. It allows people to save properly for their retirement so that they will not become a burden on the state. It leads to democracy voting for small governments. It encourages peaceful trade and discourages war. It is the only path, after this mess, that leads us to long-lasting and peaceful prosperity. We really need everyone to understand this for the sake of our future.”

Are you listening in the chancelleries of Europe ? Here in Britain we may not have had lions led by donkeys, but we now have liars throughout finance being led by junkies addicted to the printing of money. As democracies throughout the continent now topple to be replaced by technocrat stooges, and as the monetary and social chaos accelerates, we must hope that we at least manage to avoid the devastating political mistakes our forebears throughout Europe committed almost a century ago.

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