



## Investment Commentary by Roger Nightingale

Most Governments are *organised hypocrisies*;  
the ideas of the *head* at odds with the sensations  
of the *tail*.

Walter Bagehot, referring to Robert Peel's, but applicable to nearly all others,  
especially in the age of political correctness!

26<sup>th</sup> February 2010

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Many of us believe that  
wrongs aren't wrong  
unless committed by  
others.

Public sector institutions often affect to be advocates of openness and transparency—though rarely when it applies to themselves. Parliament is famously hypocritical: zealous in the pursuit of financial impropriety in others; indulgent in the acceptance of venality in its members. The BBC demonstrates a similar double standard: conscious of the mote in the brother's eye; unaware of the beam in its own.

The Beeb, for instance.

At the beginning of February, some of the broadcasters' indiscretions were made public: salaries paid to executives, fees to contributors, expenses to both. Eyebrows were raised amongst supporters, and jaws dropped amongst detractors. How, people asked, could these numbers be justified? They're necessary, came the reply, to attract "talent"!!!

The Corporation is  
characterised by self-  
righteousness and  
greed in equal  
measure.

The reality is that public sector broadcasters have become almost as degenerate (and therefore as despised) as bankers. They do a bad job, but nevertheless think they've a right to taxpayer support. Their salaries are not set by the market, but by a small *cabal* of insiders. Their judgments are not ratified by the general public, but by a *quango* of (taxpayer-financed) fellow-travellers. It's not a system that can last. The economy is in dire straits and resources are limited. For the Government to treat broadcasters and bankers so generously is madness: shades of Marie-Antoinette!

The Europeans Union  
demonstrates a similar  
duality.

There's another strain of hypocrisy, alive and virulent, in the world today: its home, unsurprisingly, in the European Union. Greeks voted a few months ago for a Government that would spend freely and expand the public sector. It was a (probably) foolish decision by the people, but it's a feature of democracy that people be allowed to be foolish. The decision to return to more sensible policies has to be implemented by the people themselves (probably as a consequence of their appreciation of the foolishness of their prior judgment).

What contempt Commissioners and MEPs must have for democracy!

To impose a more sensible policy from outside is a negation of democracy. It is half-way to an acceptance of fascism. Do European Commissioners agree? Do Strasbourg Parliamentarians? Of course not. They're biased: they see themselves not as vicious despots, but as liberal democrats. They're eminently qualified, therefore, to work for the BBC or RBS.

Is the recession over?  
Or merely comatose?

And what, meanwhile, of the economy? In Europe and Japan, it's very dull; in the States, less so, but hardly resilient. Developing Asia looks stronger and so does much of the commodity producing world, but, even there, the exuberance is not uncontained.

What if activity, even with excess money creating a bubble, couldn't be revived?

Many countries are toying with the idea of a speedy return to "normal" monetary policies. They fear that too long a period of stimulus will provoke a bubble. Quite right. But, equally, too premature a return to normality might provoke a reversion to recession. How will the authorities judge the time for restraint to be appropriate? Their track record in the past has been poor. Why should it be better in the future? And what if there were to be no golden mean? No timing that avoided both extremes?

The facts and opinions contained within this newsletter have been provided by Roger Nightingale; Buckles Investment Services do not take any responsibility for the contents.

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