



## Investment Commentary by Roger Nightingale

### A little madness in the Spring is wholesome even for the King.

Emily Dickinson—was the King she was referring to:  
George III or the Governor of the Bank of England?

2<sup>nd</sup> April 2010

It's not just about  
expenses . . .

The political process in Britain is no longer held in high regard. Voters are deeply suspicious, not just of those currently in office, but of those aspiring to be. Indeed, the distrust extends to the whole panoply of governance: to lazy bureaucrats, incompetent regulators and arrogant central bankers. That being the case, the forthcoming general election is not expected to do much to remedy the problem; substituting *Tweddledum* for *Tweddledee* addresses symptoms, not causes.

. . . people don't trust  
politicians!

It had been hoped that the television debate between "Prospective Chancellors" would lance the boil. Some hope. The spectacle merely confirmed people's scepticism. Each candidate had been so thoroughly prepared by his minders as to render him invulnerable to the tricks of the other.

The television debate was  
a great disappointment.

There was some disagreement about the likely rate of economics progress in the next year or so, and some dispute about the danger of running large fiscal deficits. But these were nothing more than anodyne differences of opinion. The big issues were largely ignored.

Why so little discussion of  
demented bankers?

Had it been sensible to bail out delinquent banks? Was it appropriate that the decision to do so had been taken by *central bankers* rather than *elected representatives*? Was it acceptable that Parliament was not even informed of the procedure for a whole year?

Why nothing about  
pensions?

And what was going to happen to pensions? How much would the retirement age be raised, and when? Why, in the meantime, were public sector workers treated so much better than their private sector counterparts? Why did society reward *consumers* of resources rather than *producers* of them?

The disenchantment was palpable.

Lots of questions; not many answers. The incumbent was understandably wary of venturing into difficult territory. The alternate was worried that saying something now would be held against him in the future. Better to be bland than sorry.

Not much different overseas.

Elsewhere in the world, the picture wasn't strikingly different. Politicians had been caught on the wrong foot when the crisis struck, and they'd been trying ever since to convince electors that the situation was returning to normal. But it wasn't!

Economies are faltering, but the authorities pretend not to notice.

Retail sales and industrial production had enjoyed a "dead-cat" bounce at the end of last year, but had been disappointing since. And employment was very precariously placed. Jobs had been *spuriously* maintained, not *genuinely* created. The risk was that it'd go horribly wrong later this year. If activity remained subdued, workers would be laid off—precipitating a slide in sentiment and spending.

Employment and protectionism are the two big worries.

What, moreover, of protectionism? In the US, Obama would have noticed that electors approved his tough line on China. He'd likely to continue to push for a sizeable yuan revaluation, therefore. And he'd be tempted otherwise to threaten sanctions.

As they were in the thirties.

At the moment, the Chinese authorities seemed not to appreciate the danger; nor, of course, did comparable countries in the thirties! Are politicians today less insightful than they were then? It doesn't augur well!

The only good news is that securities valuations are rising. Long may they do so. But, if economies are as dreary as they seem to be, and politicians no better than they ought to be, we're right to be worried.

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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