



Investment Commentary by Roger Nightingale

Most people claiming to be reformers aren't.

Politicians are the worst offenders. They see the mote
in others' eyes, not the beam in their own.

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Peter's Principle applies in
politics as well as business.

The Deputy Prime Minister, Nic Clegg, seems to have an extraordinarily high opinion of himself and his potential to contribute to the process of governance in Britain. He's come up with a set of minor amendments to current practice, and he's comparing them to the genuinely earth-shattering changes implemented in the Representation of the People Act of 1832! Really? Does the man have a bizarre sense of humour, or just a serious lack of judgment?

The more Clegg tries to show
he's got vision . . .

His recommendations—scrapping ID cards, reviewing the use of CCTV cameras, changing the rules relating to DNA databases and encouraging grassroots legislation—are generally to be welcomed. But if he were to want to do something that lived up to his hyperbole, if he were to want to eliminate the abuses that blight the British political process, he'd focus elsewhere.

. . . the more he
demonstrates he hasn't.

Lord Grey, the Whig who steered the 1832 Act through Parliament, would have found the EU an intolerable burden. He'd have argued that only Britain's Parliament be permitted to legislate for Britain's citizens. And he'd have required that constituencies be regularly redrawn to keep them roughly equal in size. Will Clegg do likewise? Not a chance.

He's likely to get squeezed
in the months ahead.

He doesn't object to undemocratic practices perpetrated in Brussels and Strasbourg; only to those committed in Westminster. He doesn't object to the huge over-representation of Scots and Welsh in the London Parliament, nor to that of Northern English. Why not? Because he and his party benefit from such abuses. The man isn't driven by principle, but self-interest. Lord Grey must be turning in his grave!

What does he think about
public spending?

Clegg hasn't yet commented on revelations about public spending excesses in the run-up to the election. Nor has his chum, the Prime Minister. The indications are, though, that Labour Ministers set out to make life as difficult as possible for their successors. They deliberately over-spent in order to embarrass the incoming administration. Some senior Civil Servants objected to what they perceived to be "wrecking" tactics. But most didn't.

Does he favour discipline or abuse?

So how ought the Lib-Con coalition to respond? By saying that near-term spending cuts should be increased correspondingly. The £6bn figure was always too modest. It must be doubled, perhaps trebled.

The civil servant's silence is tantamount to his assent.

And the terms of service of bureaucrats need to be reviewed. Why did most of them not object to Ministerial misbehaviour? Should their principal loyalty be to the Government or the People? Oughtn't those who looked the other way then be censured now?

He hasn't served his country well.

In any event, pay and conditions should be tailored to the country's circumstances. No salary increments for five years therefore; no recruitment during this period; and an immediate increase in retirement age to 70! That'd work wonders for the fiscal deficit, and it'd probably improve the standard of governance at the same time.

Understandably, markets have tumbled. They'll likely recover.

Predictably, the political shambles has not helped the financial markets. In world eyes, the UK is little better than Greece or Spain or Portugal—its democracy perverted and its finances abused. The only good news is that interest rates will be kept low for quite a while. And that, despite the awfulness of the economy and the politicians, will provide some support for equity valuations.

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