Last fall the OECD produced a report on member countries' "welfare spending" (defined as government spending on public health, pensions & 'other', as well as private sector spending on group healthcare plans & pensions). One table entitled Public Social Expenditure as a Percentage of GDP 2007, Peak Level after 2007, and 2014 pegged Greece's at 24% (vs. an OECD average of 22%), down 2% from its two year-earlier peak, second only to Estonia's 4% cutback (from a much lower absolute level), and similar-sized cutbacks by Hungary, the UK & Ireland (all three from slightly lower absolute levels). But a more fascinating chart was entitled Percentage of Public Social Benefits in Cash Paid to the Lowest and Highest (*Income*) Quintiles in 2011. Greece was second only to Turkey in the % going to the lowest income quintile (7% vs. 4%) and, with 31%, fifth in that going the highest quintile, after Mexico (57%), Portugal (40%), Turkey (39%) & Italy (33%). The two countries with the most going to the lowest-, & the least to the highest-, quintile were Australia (42% & 3%) & Norway (40% & 7%) while the corresponding numbers for the Netherlands were 29% & 12%, for Sweden 28% 14%,, for Germany 20% % 19%, for France 17% & 28%, for Italy 9% & 23%, for Canada 28% & 13% & the US 22% & 17%, and for the OECD as a whole 20% & 20% [*interestingly enough in most countries the three middle quintiles typically got their 'proportionate share' (60%), or close thereto]*.

Due to Russia's activities in Eastern Ukraine Putin has been 'persona non grata' at the last two G-8 Summits & at this year's Summit, in Germany this month, Prime Minister Harper opined he should not be let back in since 'he doesn't share the values of the group'. But while a month ago Russia's Foreign Minister Sergei Lavrov still denigrated the G8 as an "informal club", at the June 18th to 20th St. Petersburg International Economic Forum Putin went on at length about how respect on the international stage was important to Russia, his henchmen dropped hints a deal was in the making for him to return to next year's Summit, & Putin told the press "if the U.S. says Russia should be returned to the G8, the prime minister will change his opinion." While Washington's position is not clear, having Russia back at the table would mark a thaw in international relations after months of Cold War-like rhetoric over Ukraine (but would embarrass Mr. Harper) - *This seems like a Kremlin campaign to break down the door to next spring's meeting room in Shima, Japan (pop. 55,000), 330 kms miles Northeast of Tokyo - having been blacklisted personally seems to have hurt Putin's pride more than he'd let on.*

A report commissioned by the UN Human Rights Commission (HRC) made public this week concluded that both Israel & Hamas may have committed war crimes during Israel's Operation Protective Edge in Gaza last year, although, lacking cooperation by both Israel or Hamas, it had depended mostly on eyewitness reports. Netanyahu promptly declared reading it "a waste of time". *Other than concern that it will promote Palestinians efforts to haul Israeli citizens into court for war crimes charges*, his negative reaction is based on : "The HRC condemns Israel more than it condemns Iran, Syria and North Korea put together"[1], "It originally appointed someone seen as an anti-Israel inciter and agitator to head the inquiry committee"[2], and "Israel doesn't commit war crimes, but is defending itself against terrorism that seeks to annihilate it."[3]

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1 Which has some substance since its current membership includes such human rights stalwarts as China, Cuba, Russia & Saudi Arabia.

2 A bogus argument since the subsequent resignation of Prof. William Schabas, an international law jurist at Middlesex University, London, who had given evidence of a bias, removed its validity.

3 This is neither here nor there; for the two, in & by themselves, are not mutually exclusive - 'one never knows how soldiers will behave in the heat of battle' –source unknown but supposedly from the 1500's.

Few, if any, reasonable people question Israel's right of self-defense that in British law is defined as "using reasonable force against an unjust threat". But there is also a concept in law known as "proportional use of force" that the International Association of Chiefs of Police defined for law enforcers as the "amount of force required ... to compel compliance by an unwilling subject." And many impartial third parties feel that an action that resulted in the alleged killing of 1,462 civilians, one third of them children, the wounding & leaving homeless of thousands of others, and property damage said to be in the US$2.5BN range, close to an entire year's GDP for Gaza, was not proportional to Hamas having lobbed rockets into Southern Israel that wounded very few people & killed even fewer, and did little real material damage, although it did inflict psychological wounds on many people in the area. And an editorial in Haaretz summed up the situation better than most when it said in part : "Israel is indeed at the height of a (*self-induced?*) delegitimization campaign against it ... But its response to the report shows that it doesn't know its place or understand its status. In Israel's eyes, the UN is guilty for having decided to investigate, its (*i.e. the UN's*) officials are haters of Israel and the organization's greatest sin is that it condemns Israel, which defines itself as a democracy belonging to a community of enlightened nations, more *so* than the most benighted of countries.[4]"

Meanwhile Judy Shalom Nir-Mozes, the media personality wife of Israel's Interior Minister & Vice President Silvan Shalom, who is responsible for Israel's 'strategic dialogue with the US and whom Netanyahu has named to head the Israeli delegation in any future peace talks, made the headlines when she twittered a 'joke' on June 21st that was deleted post haste after it created an instant international furor since it read "Do u know what Obama coffee is? Black and weak"[5].

According to McKinsey British North Sea oil is in deep doodoo (& not just because output has declined by two-thirds to 1.5MM bbld. since the turn of the century, while the cumulative cost of decommissioning 'old' wells has gone from zero five years ago to £7BN today & will continue skyrocketing in the years ahead). For even with oil at US$100 some UK wells were loss-makers, and with it at US$55 barely half are profitable (*& shutting down such wells would just compound the decommissioning cost problem - so are bankruptcies in the offing as smaller operators seek to 'download' the decommissioning problem onto the tax payer?). But it says Norway's North Sea oil is better off, in part, rather ironically, because that country's exceptionally high labour costs have, from the get-go, prompted a never-ending search for efficiencies.*

The Spanish economy in the Second Quarter grew by broadly-based 0.9% QoQ (up from 0.7% in the First) & was up 2.7% YoY, one of the best performances in the EU - *with an election in the offing, one could be suspicious these number were 'gilding the lily' but for the fact that this was the seventh quarter of steadily accelerating growth that started with 0.1% growth in the Third Quarter of 2013. It looks as if the measures taken by the government since becoming a charter member of the PIIGS group are paying off & one can only hope that, after the less than favourable outcome for the ruling right-of-centre party in the recent local elections, Spain's voters will recognize that.*

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4 But there are growing numbers of voices, within Israel as well as elsewhere, concerned that in the past six Netanyahu years Israel's status as a democracy has become frayed, and not only by keeping 2½MM people confined in a pen, & then overreacting when they react, by initiating 'shooting fish in a barrel'-like retributive action.

5 Shalom, with whom she has three children, is her third husband (she split with the first & the second died in a plane crash). And she is a woman of means : her father owned the Yedioth Ahronoth newspaper, the largest circulation daily in Israel (which is still run by her brother & often is quite critical of Netanyahu) & she one of George Soros' partners in US$500MM venture in Brazil.

The several indices that measure the cost of moving containers on the East-West shipping routes all crashed this month; since container traffic is deemed a proxy for the health of the global economy, this suggests global demand for Chinese goods may be weaker than generally perceived, with possible worrisome implications for the Chinese (*& global?*) economies.

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SAUDI ARABIA TO RAMP UP BATTLE FOR MAKET SHARE (Bloomberg)

- By April it had ramped output up by 700,000 bbld YTD to a 30-year high 10.3MM bbld, but Goldman expects it to add even more to the global oil glut in the months ahead, while Citigroup forecasts it may pump as much as 11MM bbld. before yearend & Seth Kleinman, its Head of Energy Strategy, told clients in an email "with an increasingly compelling picture of lower oil prices over the next 10 to 20 years, it makes sense for Saudi to use it all (*i.e. its oil in the ground*), and use it now." And the Paris-based IEA's estimate that Saudi's 'sustainable capacity' to produce oil is in the 12.3MM bbld. range, this number was substantiated, on June 18th in St. Petersburg (*at the International Economic Forum*), when Ali Al-Naimi, Saudi Arabia's long-serving Oil Minister, told those present that his country still had 'daily reserve capacity' of 1.5MM to 2MM bbld.

The only place in the world where the oil service business is booming is the Middle East where the rig count at last report was up 30+% YoY & where the national oil companies of Saudi Arabia, Kuwait & the UAE have ***hiked*** *their capex budgets. For the Saudis don't just want to drive out high cost oil producers in the short run but, longer-term, are increasingly worried about the outlook for oil in light of the growing global activism on CO_2 emissions (incl. in China), the major oil companies' call for a carbon tax, Pope Francis' recent contribution to the climate change debate (that supposedly had been in the making in his own mind since shortly after his ascension to the Papacy in March 2013), & the rapidly growing competitiveness of solar power.*

CHINA PUTS $6 TRILLION PRICE TAG ON ITS CLIMATE PLAN
(Reuters, Valerie Volconici)

- Xie Zhenhua is the Special Representative for Climate Change Affairs at China's National Development and Reform Commission. At the *seventh annual* three-day Strategic and Economic Dialogue in Washington this week, that brings together senior US government officials, incl. US Climate Negotiator Todd Stern, EPA Administrator Gina McCarthy & Energy Secretary Ernest Moniz and their Chinese counterparts, he said China later this month will lay out greenhouse gas reduction goals for the UN climate negotiations *next December* that will be "quite ambitious", & will require China to reconfigure its coal-dependent energy mix & develop US$6TR of new energy sources.
- Last November Beijing reached a key climate deal with Washington to cap its emissions by 2030 & fill 20% of its energy needs from zero-carbon sources. And earlier this month Premier Li Keqiang reaffirmed this, while the fact that China's coal consumption has started declining, is prompting some to speculate its emissions may "peak" before 2030.
- And China's Vice Premier Wang Yang told a panel moderated by former Treasury Secretary Hank Paulson (*who has an extensive Chinese 'network' built up over decades*) that last year 750,000 electric vehicles (3+% of total sales) had been sold in China, thrice the number sold in 2013, *while total vehicle sales growth had slowed to 9%*

While this is primarily driven by domestic considerations, it will nevertheless put pressure on emission foot draggers like Canada at the Paris conference later this year.

CHINA'S COAL USE FALLING FASTER THAN EXPECTED (Reuters)

- Last year China's coal imports were down 11% YoY, the first such decline in over a decade, with Société Générale telling clients that "In 2014, Chinese coal imports decreased year on year for the first time in many years, and the prognosis is for more of the same". And earlier this year Beijing said it would go all out to curb coal consumption in order to reduce pollution. While coal still accounts for nearly two-thirds of China's energy mix, in 2014 it accounted for 64.2% of its energy consumption, down from 66% in 2013 and utilization rate of its thermal power generating plants, nearly all coal-fired, was 52.2% in the first two months of this year, down from 57.3% in 2013.

All this put the lie to the analysts' earlier consensus that coal burning would continue to soar into the 2020's as Beijing's growth expectations would trump its pollution control ambitions.

THE EURO WAS DOOMED FROM THE START (The Telegraph, Norman Lamont)

- Next (*i.e. this*) week will be a momentous one for Europe, with a string of crucial meetings incl. the Summit at which the *Greek* PM will table his *latest* renegotiation demands. And whether Greece leaves or stays can surely not be put off any longer.
- In 1991 I negotiated Britain's opt-out from the Euro & my abiding memory of those days is how clear it was *even then* that this was a political-, not an economic-, project with a dubious rationale, *driven by eurocrat empire builders*. Its creation was an error of historic dimensions; for while the EU had brought prosperity to the continent, with the less well-off countries benefitting most, after the Euro was created growth slowed[6] & poorer countries fared less well than more prosperous ones. And Greece *only* epitomizes the mess Europe has made of the single currency since. It should never have been admitted since it didn't meet the criteria for membership[7] (but then neither did Belgium & Italy). While claiming to be an organization of rules, from the outset its fiscal rules were often ignored[8]. And of the many mistakes made, the crucial one was not to write off more of Greece's debt in the first, 2010 bailout; thus the IMF's Chief Economist, Olivier Blanchard, recently *not only* expressed dismay at the lack of reality in the negotiations but also called for further 'debt relief' to be central to any settlement. For the absence of a realistic debt write-off *in 2010 led to* an "internal devaluation" in Greece that saw real

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6 This view is supported by former Dutch Foreign Minister & now the EC's First Vice President, Frans Timmermans who says the Eurosceptics' assessment of Europe is more often right than wrong & that for the jobless young, the EU has come to represent little more than a managed decline.

7 For its non-eligibility was obscured by a swap-enabled misrepresentation of the state of its fiscal situation, orchestrated, and profitably aided & abetted, by Goldman Sachs, the international arm of which was headed during the period 2002-2005 by none other than the subsequent Governor of the Bank of Italy & current ECB President Mario Draghi.

8 Thus in 2003, when the German economy went into recession & France's was struggling, and their fiscal deficits exceeded the 3% of GDP ceiling imposed by the Eurozone's 'stability pact', its key fiscal underpinning, the two of them, despite opposition from a number of smaller Eurozone members, forced through a temporary suspension thereof.

GDP decline 27%[9], wages 37%, pensions up to 48% & government employment 30%, while the unemployment rate hit 28% (& 'youth unemployment' peaked at twice that).

- It is hard to know what may happen in the next few days. A(*nother*) fudge would be the worst outcome. And if Greece defaults[10],while the view in Brussels is that the fallout thereof can be contained & the Eurozone will be the stronger for it, others envisage a possible Lehman-type event that would leave the Euro weaker & less credible. And if it does default & leaves the Euro, this could further fuel the already significant public discontent with the EU all over Europe, to which Brussels' *gut* response would be to push for more Europe & more centralization, thereby setting the stage for more tension between it & the national parliaments. To survive & become the major global power it aspires to be, the EU must learn to do more with less, **and** do it better[11].

At last report, at midday Thursday in London, the Financial Times reported that the gap to be bridged between Greece & its creditors had remained wide & that according to Chancellor Merkel things might even have gone "backwards", and quoted an unnamed 'senior eurozone official' as saying that "The level of frustration is so high. I don't see a deal. It's looking pretty grim right now." On the other hand, there seems be a growing consensus that in a global economic/financial context a Grexit will be a non-event & may actually be in everyone's, incl. Greece's, best long-term interest. But what is concerning both Chancellor Merkel & Washington is that this might cause Greece to be drawn into the Russian orbit (an idea Putin has been encouraging) & Tsipras' appearance & speech at the Petersburg Forum likely sought to fuel those concerns. But in that case the more likely outcome would be for Beijing (which has money to bring to the party that Moscow hasn't) to build on the phenomenal success of the takeover, in 2009, by the China-owned Cosco container shipping line, of the operation of two of the three 'box quays' owned by the Piraeus Port Authority; for this has led to its throughput rocketing from 433,000 TEUs in 2008 to its full 3.7MM TEU capacity last year (of which the Cosco-operated quays accounted for 80% & the one still operated by the Port Authority for the remaining 20%), thereby turning a sleepy, regional, strike-prone facility into an efficient one that last year ranked eighth among European container ports. And last fall already Cosco agreed to spend 230MM Euros/US$285MM to build a fourth box quay that will boost the port's capacity by two-thirds to 6MM TEUs (one thing a Grexit would also achieve, however, would be to nullify the EU ruling last March that the fiscal concessions Greece had granted Cosco in 2009 as part of the container terminal deal had broken its rules & given the port an unfair competitive advantage, and had to be paid back (to the Greek government) – the writer was John Major's Chancellor of the Exchequer from 1991 – 1993, in the immediate post-Thatcher era.

<u>**HOW DID GREECE GET INTO THIS MESS**</u> **(BBCNews, Jonty Bloom)**

- One of its biggest hindrances may well the complexity of its tax system; thus there are *no fewer than* six different VAT rates. While the normal rate is 23%, it is less for food, fuel & medicine & it is lower on the Greek Islands to encourage people to go there &

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[9] A major factor in the rapidly rising Greek Debt/GDP ratio; for with the numerator of that ratio creeping up & the denominator crashing the ratio could not help but sky rocket.

[10] Last week no Greek bonds traded publicly, nor any derivatives insuring them against default. But the notional yield on the two-year bond was 28.6% and the notional cost of insuring 10MM Euros of them was 5.1MM upfront & 100,000 Euros annually, implying an 80% probability of default.

[11] This view appears shared by Italy's PM, Matteo Renzi who, after the Polish election, told an interviewer "The wind in Greece, the wind in Spain, the wind in Poland ... all ... say ...Europe must change."

boost the tourism industry that is vital to their wellbeing (but *amazingly* when there was recently a surge in tourism on the island of Mykonos, VAT payments to the Greek government actually declined). And while on the whole pensions are not overly generous, the many provisions for early retirement make it costly, with the government spending about 16% of GDP on them, 30% more than the UK[12]. The pension system is also amazingly complex, with people working in different occupations being able to retire early at different ages (*thus those people in "dangerous professions" can retire with a full pension at age 50; one such profession being hair dressing, since it entails handling "dangerous chemicals" – what about their poor clients?)*. Then there is the matter of privatizations : once committed to raise 50BN Euros from the sale of state assets, the total to date has been less than 3BN Euros. And finally there is the matter *that since Syriza came to power*, some earlier cuts have been reversed.

- The main reason for this latest crisis is that the Greek government, while full well knowing what needed to be done, has been procrastinating & wasting time for five years whereas countries like Ireland & Spain that bit the bullet have started to see a payoff from their years of pain. And now Greece faces the problem in that those who have lend it boatloads of money are *rightly* reluctant to throw more good money after bad.

But the real problem has been that Greeks have both an aversion to paying taxes ***and*** *a highly developed sense of "I am entitled to my entitlements". And one cannot help but wonder if, since that sentiment is also present to a somewhat lesser extent among Italian & French voters, whether the same scenario may not be playing out there, albeit in slow motion.*

TAX HAVEN BLACKLIST OMITS LUXEMBOURG AS BRUSSELS ANNOUNCED REFORM PLANS (The Guardian, Simon Bowers)

- On June 17th the EC, notionally trying to harmonize individual member countries' tax treatment of multinationals so as to reduce their scope for tax avoidance, named 30 of the world's worst offending tax havens (referred to euphemistically as "non-cooperatve jurisdictions"), each one suggested by at least 10 EU member states as problematic (with England & Germany refraining from doing so). Twenty-one of them were small island economies, most of them in the Caribbean and the Pacific Ocean, six were British overseas territories (Anguilla, Bermuda, BVI, the Caymans, Montserrat and the Turks & Caicos islands), one a Crown dependency, Guernsey, as well as Niue, a 260 sq.km/156 sq. mi., speck in the Pacific, 2,400 kms/1,500 miles NE of New Zealand with a US$10MM GDP, 90+% of whose people live in New Zealand as the remaining 1,400 eke out a semi subsistence on the island. And while within Europe Monaco, Liechtenstein & Andorra made the list, Jersey didn't, and neither did the Netherlands, Ireland & Luxembourg since, as the EC explained, the list was designed to only rate non-EU members, despite the fact that the industrial scale on which Luxembourg, one of the world's richest countries on a per capita GDP basis, accommodates the corporate tax avoidance ploys were laid bare in the LuxLeaks scandal last year (when the International Consortium of Investigative Journalists made public the tax avoidance schemes there of over 300 multinational corporations), with it's aggressive tax *avoidance* policy

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12 Few people appreciate how beastly expensive early retirement is. When I worked for Ottawa's Inter-Departmental Task Force on the Canadian Retirement Income System in the late 1970's the rule of thumb was that the loss of the years of contribution & the increased number of years of payouts meant the amount of money required to fully fund a pension payable at age 60 was twice that for one payable at age 65 (& 4x that for retirement at age 55). And given the fact that ROI's now are lower & life expectancies have risen by ten years since then, this may now be a lowball number.

environment engineered by the now EC President Jean-Claude Juncker during his 18 years as Luxembourg's Prime Minister).

So not only is the President of the ECB someone who was associated with the cheating that allowed Greece to join the Eurozone, but the occupant of one of the top positions in the EU previously made a career of helping corporate tax dodgers do their thing. Be that as it may, the above is pure political bafflegab that seeks to create an impression of action where none exists. For, unlike tax evasion, which is illegal, tax avoidance/optimization involves the exploitation in a wholly legal manner of various loopholes created by politicians in the better-off countries' tax laws to benefit specific moneyed vested interests . And while, to paraphrase Job 1 :21 'what a politician giveth, a politician can take away', the likelihood of politicians doing the latter with respect to tax loopholes is between slim & nil, as would be attempts to 'shame' many of the governments who benefit from corporate tax avoidance schemes who are too poor & too bereft of a meaningful tax base of their own to change their ways, even if they wanted to.

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In the May 5th Alberta provincial election, the left-of-centre NDP party routed a Conservative party that had ruled the provincial political roost for 44 years but had long become stale, visionless & self-indulgent to the point where Albertans collectively said "Enough is enough". While initially the new Premier made some common sense moves, not talking to the press until she was good & ready, keeping her Cabinet small & postponing the introduction of a Budget until the fall, she now has made three moves suggesting that Albertans voted for, & for the next four years will be stuck with, a wolf in sheep's clothing. First she imported a flock of (*doctrinaire?)* party 'carpet baggers'/apparatchiki from out of province to fill key political satrap posts (including 10 of the 12 ministerial chiefs of staff). Among them is her own chief of staff who in 2013 helped BC's NDP leader against all expectations lose the provincial election by opposing resource development & pipeline expansion & who is on record as wanting "fossil-fuel cars out of our cities", and who in 2012, on the grounds Thomas Mulcair (who his detractors refer to as "angry Tom") was 'too moderate', ran against him for the leadership of the federal party, but was beaten by him on the fourth ballot 57-43. Another one, this one assigned by the Premier's office to the Minister of Energy is on the Ottawa Lobbyists Register as a lobbyist for an anti-pipeline group (although he claims he never 'really' lobbied). And one of the two local hires was until June 23rd (i.e. seven weeks after the election & a month after his anointment) registered with the Province to lobby the very department where he now is the Minister's Chief of Staff. Next, last week she paid her dues to her union supporters (who in reality represented only a tiny fraction of her 41% voter support in the election) by dishing out $624MM to the educational-, & healthcare 'industries' (in which salary costs are as much as 70% of their budgets); while much of this was a reinstatement of moneys cut by her predecessor in his Budget's half-hearted attempt to close the estimated $6BN revenue/expenditure 'gap'[13], the amount of new money was not insignificant). And then, on June 20th she announced that David Dodge, the Bank of Canada Governor from 2001-2008, had been retained to 'help the province *over the summer* develop a long-term plan *for inclusion in next fall's budget* to build billions of dollars' worth of infrastructure projects, most notably schools, hospitals and roads' - *while Dodge was a solid Governor of the Bank, his primary professional achievement was to have convinced, as the then Deputy Minister of Finance, Paul Martin upon his becoming Minister of Finance in 1993 (when the iconic Grant's Interest Rate Observer's Jim Grant noted that*

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13 Which hasn't gone away, despite her government having already acted to implement tax increases for corporations & higher income earners.

'Canada is ten percent covered with water and ninety percent with debt') *that deficit spending had to be brought under control (at a time this was not the mainstream thinking in official Ottawa). But Dodge has since seen the light & become an advocate of spending heavily on infrastructure when the economy is slow, labour readily available & borrowing costs low*[14]*. But, while he at least has some previous connection to Alberta through his directorship in Edmonton-based Canadian Utilities & his post-Governor position as a senior adviser in the Ottawa office of the Calgary-based Bennett Jones law firm, his $100,000 fee is really the price the government is willing to pay, & he is willing to accept, for 'fig leaf protection' for what the seldom fiscally-sensible doctrinaire 'Dippers' like doing, i.e. spending taxpayers' money on worthy causes, rather than for his expertise in infrastructure capex budgets - this has the makings of a replay of the French experience 34 years ago when Mitterrand quite unexpectedly*[15] *became the Fifth Republic's first Socialist President in a second round runoff against Giscard d'Estaing who had been well ahead of him in the first round vote-count. For far to the left even among Socialists, Mitterrand started his presidency on the premise that for a Socialist President water could be made to run uphill, only to learn over the next several that the law of gravity is impervious to Socialist dreaming, after which he served out the rest of his two-term, fourteen year Presidency from a more pragmatic perspective. Only with Alberta being Alberta & the election cycle being four-, rather than seven-, years, if this were indeed the case, Premier Notley is unlikely to be given a second term, especially if the 'right were to unite' (after all, the right-of-centre parties did get the support of 52% of the voters who turned up at the polls, vs. the NDP's 41%) & were to produce a more charismatic leader than the Conservatives' past leader & the Wildrose Party's current one.*

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14 This idea was first advocated by England's Lord Keynes during the Great Depression eight decades ago. But he did so as part of a package, the flip side of which was that the resultant increase in total indebtedness should be reduced once the economy had recovered (which was little more than the application of Genesis 41 : 26/27 to modern economic theory). Unfortunately subsequently politicians adopted the borrowing part of his idea with enthousiasm but seldom, if ever, could muster the political to act on the second part.

15 I happened to be at an international conference in Washington, D.C. when the second round results were announced, and to say that the French officials there were 'shell-shocked' would have been a gross understatement.