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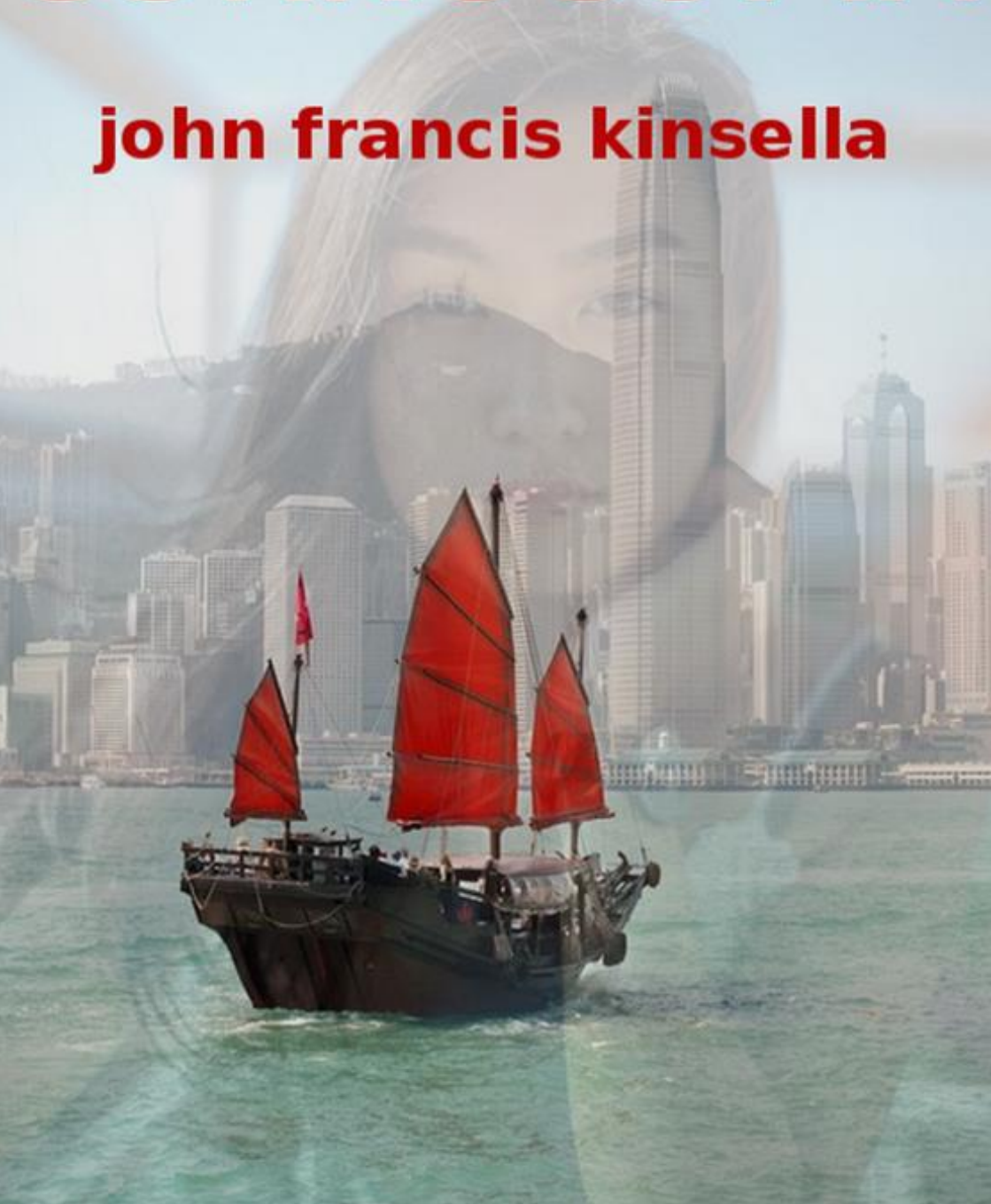
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# **CORNUCOPIA**

**john francis kinsella**



# CORNUCOPIA

*BANKERS & OLIGARCHS*

a novelised fresco of the early years of the 21st century

by

John Francis Kinsella

BANKSTERBOOKS

LONDON - PARIS - BERLIN

*The rich have become richer, and the poor have become poorer; and the  
vessel of the state is driven between the Scylla and Charybdis of anarchy  
and despotism  
Shelley 1821*

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### ACKNOWLEDGEMENTS

### MORE OF MY BOOKS

# PROLOGUE

## BOGOTA

Barton opened his eyes, it took some moments to figure out where he was. Daylight filtered through and around the thin curtains. He looked at his watch; it was just after ten, in the morning it seemed.

It took some moments more to recall he was in Bogota. Colombia. He swung his legs out of the bed and sat there trying to recall the reason for being in that South American city. It was a long and confused story.

That stunned feeling that had invaded him over the previous days, pulling him into a black abyss, had faded, replaced by one of space, distance, detachment. It was if he had arrived in a kind of limbo, perhaps awaiting judgement. He briefly wondered what the others were doing: Pat, Michael, John Francis....

He wondered whether he was some kind of rat. Then pulling himself together, he abandoned his sombre thoughts, dressed and found his way to the breakfast room. There he ordered coffee, in English, from the pretty Colombian waitress who invited him to help himself from the buffet. He was alone, the other guests already eaten, they had plans for the day, week, which was more than he could say for himself.

On a table next to the fruit juices several newspapers were laid out; local dailies, all in Spanish. Glancing at the headlines Barton was relieved to discover his relatively sketchy knowledge of the language still seemed workable.

He had arrived in Bogota the previous evening, a couple of hours behind schedule. Bad weather conditions had delayed the connecting flight at Barajas, Madrid. The taxi had taken him to the Villa de los Indios, a boutique hotel for the discerning tourist: small, stylish and discrete according to the brochure given to him by the driver, evidently used to visitors who arrived tired after a long flight and a little lost in a strange new country. A simple glance told the taxista where they came from and the budget they could afford.

He looked at his phone, there was no connection. He remembered he had removed the SIM card earlier the previous day in Zurich. It had seemed like a good precaution. Getting a local card would be one of his first priorities.

After a light breakfast and a couple of coffee refills he felt better. From



what he could decipher the headlines in Bogota Times concerned the ongoing negotiations between the Colombian government and the Farc. Then there was a report on a terrorist attack in Paris. He turned his attention to the financial pages where the news was devoted to the ongoing economic turmoil in Russia and the price of oil.

After a quick visit to his room he headed out to make acquaintance with limbo. He had never been to South America, the Caribbean yes, but the Hispanic continent no. Once he got his bearings he could start to think about plans, at least for the immediate future ... the next few days.

## **Chapter 1**

### CANTON

Kennedy had not chosen a good moment to cross the border. More than a million people were expected at the crossing over the four day Autumn Festival, the most important holiday in the Chinese calendar after their New Year. That day the traffic peaked with nearly eight hundred thousand on the road into and out of Hong Kong.

He revelled at the idea of being an anonymous European traveller in the Chinese throng. It would be a unique experience, as though he was some kind of an adventurer, a latter day Marco Polo, venturing into a strange and incomprehensible foreign world. That weekend it seemed all of Hong Kong was heading for Shenzhen, a Chinese Special Administrative Region, and Canton, as dense crowds of mainlanders flowed in the opposite direction to Hong Kong.

Equipped with his passport, visa and a light travelling bag Pat made his way to the Hung Hom MTR East Rail Line station, a short walk from the Peninsula, where he took the metro in the direction of Lo Wu, a journey of about forty minutes. Kennedy unlike Fitzwilliams - who would not be seen dead on the underground, was not averse to using public transport, it offered him a view of the real world, the world unseen by those who travelled in chauffeur driven limousines.

The MTR surprised him by its cleanliness, modernity and apparent efficiency in comparison to the antiquated District and suffocating Piccadilly lines he frequently used in London.

On leaving Hung Hom there were few passengers, but as the train left down-town Kowloon and entered the New Territories more and more passengers piled on, loaded with bags, gifts and foodstuffs. He had been forewarned the trains would be crowded and waited until ten in the hope the rush had died down before leaving. His effort had been in vain and in spite of the warning he was surprised by the crowd.

Arriving at the border terminus he was pushed, shoved and elbowed by the crowd as they piled off the train and rushed along the platform towards the exit. Pat stood to one side as best he could waiting for the bustle to die down; he was out of luck, looking to his left he saw another train already pulling into the station. Reluctantly he joined the throng pressing up the stairway to the footbridge that crossed the muddy stream that marked the border between Hong Kong and the rest of China, in the direction of the frontier control area.

He was propelled by the crowd towards immigration, where with some effort he bifurcated to a channel marked foreigners. First came the Hong Kong passport control for those departing, then the Peoples Republic control point for arrivals. Twenty minutes later he found himself standing outside on an esplanade, facing the China Railway station in Shenzhen. He was in China, and for the first time.

After finding his way to the metro station and puzzling over the map he took the Luobao Line to the Convention and Exhibition Center station, a short walk from the Ritz-Carlton on Fuhua San Road. If he liked to rub shoulders with the crowd, he did not like sharing their hotels, as for their restaurants his cast iron stomach was his passport to culinary adventure.

It was midday and being in no particular hurry, Kennedy, armed with a city guide headed for the Mixc shopping mall which he thought would be a good starting point for his tour of discovery. What surprised him most was Shenzhen, apart from the absence of hills, was not that different from Hong Kong, newer and brasher, with gridline planning, but fewer foreign faces. The pavements were broad and thronged with crowds going about their business. A closer inspection told him they were for the most part different from those of Hong Kong, less stylish, more wary of the world around them.

He paused, a metal cage on lay the ground before him, a kind of shoe box shaped bird cage, it required a double take to confirm it contained a very large rat. Its owner accosted the passers-by with a continuous incomprehensible harangue. In his hand he held a plastic wire and what



looked like a table lamp switch. Seeing Kennedy's curiosity he point at the rat and pressed the button, the rodent leapt into the air and the crowd pressed past as if nothing had happened. The panhandler's trick was to send an electric shock through the animal in an effort to extract a few coins from the indifferent crowd.

Kennedy paused, not knowing whether to be amused or shocked, then continued on his way marvelling at the roads, traffic, shops, hotels, office and residential towers, all of which recalled the familiar images he had seen of China's great cities like Shanghai. The giant Mixc shopping mall in itself was essentially not very different from those he had seen in the Hong Kong, luxury boutiques as far as the eye could see: Cartier, Dior, Louis Vuitton, Prada, Tiffany & Co and Balenciaga, amidst a bewildering kaleidoscope of Chinese signs no doubt encouraging shoppers to spend.

How could those millions - and millions they were - buy Vuitton handbags and the like? Shenzhen with a population of eight million had already surpassed Hong Kong in numbers, a staggering transformation considering it had been a small, poor, village when Mao departed to his Communist paradise. There was no visible trace of the global financial crisis, and if there was a Chinese bubble in the making it was definitely not visible in the Mixc Shopping Mall; making the doomsters' prediction of a slow down for 2011 seem exaggerated.

If anything Kennedy was a realist when it came to economics and everything he had seen up to that moment belied the imminent eventuality of a crunch of any kind in China. Perhaps their banking system was flawed, perhaps there was a mass of bad debt out there, but given the country's massive reserves and its single party government, its leaders would ensure the right levers were pulled at the right moment.

Deep down Pat, like many of those who succeeded in life, was an authoritarian and could not help admiring a system that was not shackled by the endless squabbling of politicians that inevitably led to the kind of situation in which the UK and many other Western countries were mired.

Kennedy did not linger any longer than was necessary: the message was crystal clear, and after consulting his guide headed for the ancient Hong Fa Temple. That evening after a visit to Shekou, where he ate a steak, he returned to the Ritz-Carlton for an early night.

The next morning he took a taxi to the Shenzhen Rail Station; destination Canton's Guangzhou East. The high-speed shuttle service departed every ten or fifteen minutes. He was shown aboard the train by a uniformed

hostess and took his place in the first class wagon. Opposite him was seated a Chinese girl engrossed in her mobile phone.

As soon as the train pulled out the girl looked up, almost surprised to see Kennedy, the only European in the wagon. She smiled and placed her phone on the pull down table.

“Are you going to Guangzhou?”

“Yes, Guangzhou East,” he replied mangling Canton’s Chinese name.

There was a pause.

“How long does it take?” Kennedy continued.

“About one hour. Where are you from?”

“Ireland.”

“Oh. Aierlan.”

Kennedy nodded. The girl was attractive, dressed in a light grey business suit, a Vuitton brief case and handbag by her side.

“Are you on business?”

“Yes, two or three days, then Shanghai.”

“I see. What’s your business?”

She doesn’t beat about the bush, thought Kennedy, a little surprised by her directness.

“Banking.”

“Oh.”

“And you?”

“I’m going home. To see my family for the Autumn Festival holiday.”

“Your husband?”

“No my parents. They live in Guangzhou.”

Kennedy glanced out the window as the dreary landscape marked by factories and housing developments flew past.

“What do you do?” asked Kennedy keeping up the conversation.

“I’m a lawyer with firm in Hong Kong. We help foreign firms with Chinese business law.”

“Is it a good business?”

“Very good. Chinese law is complicated.”

They continued to chat and the girl presented Kennedy with her business card.

“Lili is my first name Wu is my family name,” she explained pointing to the characters.

Kennedy obliged with his own card.

“Pat Kennedy,” she said reading his name aloud. “Senior Executive Director. INI Banking Group. That’s in London.”

“Yes. London, Moscow, Amsterdam, Dublin ....”

“Where are you staying in Guangzhou?”

“At the Pearl River Hotel.”

“That’s nice. Is it your first visit?”

“Yes, my first visit to China.”

“*Huanying, huanying*. That means welcome,” said Lili.

“Is it in the centre?”

“There are many centres in Guangzhou. But as its name suggests it overlooks the Pearl River.”

The hotel was situated in an historic area of the city on an exclusive island that had once been the home to rich merchants.

“Where do you live?”

“In a district called Ersha Dao,” she replied. Then seeing his blank look added, “On the Pearl River, not too far from Shamian Island.”

It meant nothing to Pat.

“Do you know anybody in Guangzhou?”

“No. To be honest I’m discovering China.”

“Oh,” she said perplexed, wondering why a high ranking City banker knew nothing about her country.

Before she could continue the public speaker system interrupted her train of thought with the announcement of their imminent arrival in Guangzhou. Kennedy checked his watch surprised at how fast the time had gone. Looking outside he saw the suburbs of the city already flashing past.

“Are you taking a taxi?”

“No I’ll take the underground.”

“I wouldn’t do that, the city is big and complicated. Take a taxi. I’ll show you where.”

Kennedy nodded in approval.

Lili was taller than most of the girls he had seen in Hong Kong. She was attractive and her openness had intrigued him. It was a pity he couldn’t talk with her more.

She guided him through the crowd and quickly put him in a taxi with instructions to the driver.

“*Zaijian*,” she said. Then after a pause added: “If you’d like me to show you the city tomorrow, I can call you at your hotel?”

Kennedy nodded approvingly and waved goodbye as the taxi pulled out in the traffic.

As Lili had told him the hotel was situated on the banks of the Pearl River and from his twenty fourth floor suite he had a splendid view over the broad river and the south of the sprawling city.

The strangeness of everything in China astonished him and even though he had experienced a foretaste in Hong Kong this was different. It was as if he had stepped into a strange future, far different from that of America. Pat had been a science fiction fan as long as he could remember, first it was comic books, then through his teenage years a solid diet of Galaxy and Fantasy Science Fiction. The Middle Kingdom recalled his visions of weird and wonderful worlds to come.

After lunch in the coffee shop he set out to explore the strange new world, starting with the environs of the hotel. It was situated on Shamian Island, clearly a very exclusive residential district dating from pre-Revolutionary days, and visibly it had recovered its past status. He enjoyed the fine weather as he strolled along the tree lined streets, past elegant stone town houses, an obviously very smart restaurant, and one or two chic boutiques. Arriving at a river or canal, which defined the northern limit of the island, he crossed the stone bridge to a broad nondescript traffic laden avenue. He checked his map whilst waiting for the red light, then crossed, entering what was obviously a more typical residential area where the architecture consisted of irregular, grimy, unremarkable rather run-down buildings and a busy street market.

He wandered through the market stopping at stalls overflowing with vegetables, fish, meat and unidentifiable foodstuffs. Then after a left and right he found himself facing a down-town Holiday Inn and an arcade that led to what was evidently one of the main shopping areas of Guangzhou, quite unlike Shenzhen, or Hong Kong. Two or three storey buildings, shops and eateries of all kinds, one after the other, but no bling Kowloon style brand name boutiques, although many offered more popular brands of the likes of Adidas and Benetton. A dense crowd of shoppers moved in all directions, carrying bags, eating take-outs of all kinds. Kennedy could not help remarking he was a head taller than most as he moved through a uniform sea of black heads.

Arriving in a large crowded plaza giant screens flashed familiar publicity

spots and newscasts, he noted a McDonald's, a KFC and other well-known American fast-food outlets. The façades of the buildings were covered with a wall of neon lights and illuminations, all competing to convey every imaginable kind of consume message, in Chinese.

He found himself in a parallel world, which confirmed his earlier impression: it resembled a kind of Times Square, but at the same time it was totally different. He went into the McDonald's, joined the queue of exclusively young people and ordered in English by pointing to the pictures of set meals. He sat down to eat and rest his feet. The customers were Westernised in their clothes, dressed-down fashionable, as would be expected in a London McDonald's, with the reserve of those gathered at a watering hole.

Kennedy made his way back to the hotel and flopped down. He like so many others before him was dazed by the crowds, the movement and the difference. Hong Kong should have prepared him for his meeting with China, but not entirely, it was too Western. His mind had been prepared for the difference and the crowds, but what he had not anticipated was the scale and how it was repeated, first Hong Kong, then Shenzhen, and now Guangzhou.

If he drew a circle, about one hundred miles in diameter, around the Pearl River Delta, an area somewhat smaller than that of Wales or Massachusetts, it would englobe Hong Kong, Shenzhen, Guangzhou, Macau, Foshan, Dongguan and other cities. A megalopolis of fifty five million people - China's leading economic powerhouse. A quick check on Wikipedia showed that the GDP of the Province of Guangdong was well over half of India's. He wondered how many more similar such megalopoli were scattered across China.

The economic power of Southern China was nothing new. In the sixteenth century the Portuguese had described Canton as rich in agriculture and fisheries, producers of rope, cotton, silks and pearls, possessing iron ore deposits for the manufacture of pots, nails, arms and metal goods of every description. Labour was skilled and abundant, and merchants had exported a profusion of goods under the control of a well organised system of administration composed of powerful mandarins.

Kennedy had travelled across Europe, Russia, the USA, the Caribbean and South America, all different yet the same. In China the feeling was that of another world, familiar, yet so very different.

He dozed off and slept for an hour or more. When he awoke it was dusk

and the lights of the city twinkled beyond the broad river where boats moved slowly transporting their cargoes to and from the open sea fifty miles to the south.

He sat on the edge of the bed, zapped on the television and as he wondered what to do next when his mobile rang. He did not recognise the number.

“Hello. I hope I’m not disturbing you. It’s Lili. We met on the train.”

“Oh yes. Hello Lili.”

“I was wondering what you planned to do tomorrow. Perhaps I could show you some of the sights of Guangzhou?”

The surprise was complete, but Kennedy quickly found his voice.

“Well I’ve got nothing special planned apart from a little sight-seeing. Yes, that would be very nice.”

“Fine, I’ll meet you in the hotel lobby at say eleven. How does that sound?”

“Great.”

“So, I’ll see you tomorrow. Have a good evening,” she said and rang off.

Kennedy’s pleasure was immense; tomorrow he would have a guide and a pretty one at that. He bounded off the bed, reinvigorated and suddenly feeling hungry. It was time to shower and explore the hotel.

## **Chapter 2**

### **THE OTHER FACE**

The fact that Pat Kennedy was still in love with Middle Kingdom was more to do with Lili than the exploits of modern China. He was in the honeymoon period that all those who discover a new country experience. Whatever Pat’s feelings for Lili he was not naive, he had glanced behind the scenes and had discovered China’s other face. A face that was not so very different to that of the UK’s a century or so earlier, where children worked ten hours a day, where miners and steelworkers slaved, where small holders struggled to make ends meet, and where after the introduction of mass production millions laboured in wretched factory conditions for wages that barely allowed them to exist.

In twenty first century China there were blighted industrial regions that resembled certain parts of contemporary Britain, where many of Her

Majesty's citizens lived in no-hope misery, where generational unemployment was commonplace and contrary to popular belief not all of them watched footy on the latest HD TV with a can of beer at the ready.

Kennedy's friend, John Francis, could have explained the effects of rapid, poorly planned, industrialisation and its negative effects. What was good for capitalists out for a quick buck was not the same for those who would live in the rust belts that were left when industry moved on.

China's phenomenally rapid economic leap forward, which had promised an Asian century, was now beginning to show the first signs of the ills industrialisation had brought to Manchester, Sheffield, the Ruhr, Pittsburgh, Detroit and more recently the industrial heart of post-Soviet Russia. Everything moved faster, including the decline of China's heavy and state owned industries.

After decades of spectacular growth China was slowing down and would have to adapt to the conditions of a more mature economy. The dash for wealth and prosperity had run its course. Countless millions of peasants had been left behind, stuck in the trap of rural poverty. Those who had made the quantum leap to modernity were discovering that growth fuelled by massive credit was unsustainable. They, like others elsewhere in the world, would learn that ever rising living standards were a chimera.

Large parts of China's industrial landscape were beginning to look bleak, an ecological nightmare. A crippling legacy of disease provoked by industrial pollution and unsustainable debt, the cost of which would fall on the shoulders of future generations. Who would pay for the clean up? Who would care for those whose health was destroyed? Who would repay the debts?

\*

A question academics like John Francis frequently asked was: How long would the West continue to rule?

It was a difficult one, considering a recent challenger for the title: Japan, had failed to achieve the destiny promised by economists and crystal ball gazers in the eighties. Instead of dominating the world's economy it had contrary to all predictions plunged into more than two decades of stagnation and decline, aggravated by a natural disaster of huge proportions.

The next postulant, China, was now facing its own problems. Problems that dwarfed for example those of the EU, a union of democratic nations with open economies, which in spite of its ongoing economic difficulties, and the threat of a Brexit, enjoyed the kind of prosperity and freedom most



Chinese could only dream of.

With the sudden and unexpected rebound of the USA, China's hope that it would become the world's leading nation was beginning to look like a vain hope. Its problems were multiple, starting with its one child policy which was beginning to take the form of a demographic time bomb. As its population aged China would be confronted with the kind of problems experienced by Western societies: environmental protection, pollution, health, pensions and care for the elderly, but on a gigantic scale.

China's National Academy of Sciences calculated that air pollution, caused by coal fired power stations, would reduce life expectancy by an average of five-and-a-half years for the five hundred million people living to the north of the Huai River, situated in central China between the Yellow River and Yangtze River. In addition industrial poisoning was present on such a vast scale that millions of Chinese would die prematurely and the regions in which they lived would be transformed into a toxic wasteland.

In a sense China's development resembled that of the Great Leap Forward, a blind rush to development, from which the fallout would spell disaster for countless millions of anonymous Chinese.

Beyond China's extraordinary achievements lurked a hidden cost, an unimaginably heavy toll to be paid by its population. Once world beating industries, such as Rongsheng Heavy Industries, the world's largest private shipbuilder, struggled with overcapacity, falling demand and debt, a model reminiscent of the Soviet Union's failed industries. The state picked up the bill, squandering its reserves on unrealistic plans and obsolete industries, pursuing policies that had proven so infructuous in the UK, East Germany, Poland, Japan and Korea.

## GOLD

Fitzwilliams was used to market surprises and remembered how in early summer 2011, just when he was congratulating himself on his bank's almost miraculously escape from the economic crisis that had struck in 2008, how a new and unforeseen shock had jolted him out of his complacency.

The bank had emerged not only unscathed from the chaos of the economic crisis, but was reinforced and enjoying the warm glow of success as the INI Banking Group went about developing its interests in Russia and Asia. In July 2011, banking shares plunged, then in August they hit depths

unexplored since the Lehman disaster. More than sixty billion pounds were wiped off the value of UK companies in the worst one-day stock market crash since 2008 with fears of a new credit crunch as banks struggle to raise funds.

Amongst the hardest hit was RBS, plunging eleven percent, with Barclays down by over eleven and Lloyds by nine. The plunge was provoked by the rumour that an unnamed cash strapped eurozone bank had tapped an emergency ECB lending facility for five hundred billion dollars, and amongst other unconfirmed reports was the news that American branches of European banks were repatriating dollars to support their parent companies.

Asian Pacific markets followed the trend with the Nikkei down over two percent, the Kospi over four percent and Australia's main index nearly three. In New York the stock market gyrated wildly following Standard & Poor's decision to downgrade the country's long-term credit rating. Not since 1928 had the market seen such large fluctuations over such a short period of time.

The degree of concern was very real, if the American economist, Nouriel Roubini, was any reference. He tweeted: when banks & deposits aren't safe & govs are bankrupt time to buy canned food, spam, guns, ammo, gold bars & rush to your mountain log cabin.

Marc Faber, otherwise known as Doctor Doom, said financial conditions were worse than they were prior to the crisis in 2008. Faber, the Hong Kong based investment manager, publisher of 'The Gloom Boom & Doom Report', a monthly musing about the state of global economics and geopolitics, added the political system had become completely dysfunctional.

Fitzwilliams, a hard headed banker, neither pessimist or optimist, saw Faber as a kind of Grinch, who in spite of his all pervading pessimism was right when he said fiscal deficits had exploded and the political system completely dysfunctional.

However, the banker did not panic, he sensed it was one of those summer flash crises that would disappear as fast as it had appeared. Contemplating his annual break he suppressed his unease as market volatility rose like mid-August temperatures, hoping the Arab revolution that was spreading across the southern Mediterranean shores was not a bad portent for things to come.

The price of gold was a sign that seemed to confirm Faber's point of view

as it hit a record high of \$1,826 an ounce, rising by more than a fifth in a month, a sure indication that faith in paper money was plunging. It did little for Fitzwilliams bank, after all he couldn't transform all of the bank's assets into gold.

On the other hand the gold peak was good news for Tom Barton who instructed his broker to sell his holdings. Experience had taught him that the market was nearing its limit and sooner or later gravity would do its work. He had made a huge profit since he had bought the metal three years earlier and it was time to reinvest his gains elsewhere. Investors had been deserting riskier assets for safe havens and had seen gold, along with government bonds, to be one of them. In the US, Treasury bond prices rose and the yield on 10-Year T-Notes fell below two percent for the first time since the early 1950.

The prospect of a much talked about double-dip recession had little effect on Barton's buoyant mood, he had made solid gains over the previous twelve months, which prompted him to start look for building land in Dominica along the coast from Roseau. With the return of market turmoil frightened investors dumped stocks and Barton reasoned with depressed property prices and few buyers around the moment was ripe to make a good deal.

## A NEOPHYTE

As Kennedy studied the dazzling collection of potential buyers seated in the front section of the vast auction room, he noted the predominance of very wealthy Chinese, many of whom he recognised were from the Mainland. To the back was standing room only and to one side were the telephone bidders representatives seated on a raised platform.

Their confidence and affluence was part of the enigmatic Chinese puzzle, the vast nation's wealth and possible dangers ahead. Nonetheless he reasoned it was a positive sign for the INI Property Fund, its investments offered worried Chinese investors a refuge in London or New York if things went bad, since the rich would be the first to run for cover.

Pat was a realistic neophyte, the first to admit analysing the country's economy was beyond him, and most certainly beyond many Chinese themselves. China like the Chinese was complicated. The data was contradictory, on the one hand there were the contrarians who predicted the imminent explosion of the Chinese property bubble, and on the other

investors were still pouring money into the Middle Kingdom's economy. Listening to Lili he figured the real situation was somewhere between the two lines of thought.

He had witnessed the wealth of the Beijing, Shanghai and the large coastal cities as well as the poverty of the countryside. However, mega cities like Chongqing and Harbin and other more distant places were vague names that meant almost nothing to him.

Kennedy, INI's number two, was, amongst other things, head of business development, in brief a wandering emissary. He was Fitzwilliams' eyes and ears in the broader world. The CEO had a total confidence in his friend. He was not only aware of Pat's strengths and weaknesses, but also his ability to see things that few others saw.

The Chinese miracle was a reality, a powerful echo of similar transformations that taken place in Europe, Japan and Korea decades earlier. Looking at China it was worth recalling the misery that had stalked the poor in the US, Great Britain, France and other so called enlightened nations on the eve of The Great War. It was only after the second war the lives of many peasants in France and miners in Great Britain started to change with the dawning of the consumer society. Until then large swaths of the populations, in those countries, which continued, momentarily, to rule over vast imperial possessions, lived in conditions that were not so different to the lives of those in many parts of China prior to Deng Xiaoping's reforms.

In Spain and Portugal, widespread poverty lingered into the fifties and sixties, whilst Bulgaria and Romania remained mired in poverty until the downfall of Soviet style Communism.

Pat Kennedy determined to learn more, plunged himself into Chinese history, avidly reading works such as the biography of Mao Zedong by Jung Chan and Jon Halliday, or Jonathan D. Spence's book *The Search for Modern China*. His elephant-like memory won him the admiration of the Chinese he met by citing the names, places and dates that marked Chinese history.

As the instrument of the expansion of Fitzwilliams' bank, Kennedy had opened doors, pointed the way, befriended rich and powerful foreigners, who, in the past would have been exclusively cultivated by those in Downing Street and Whitehall with the help of their establishment friends in the City, British banking and financial institutions.

Fitzwilliams, though part of the Irish landed gentry, was a product of the

British establishment tradition; a scion of Anglo-Irish aristocracy, a family whose minor and very conservative bank would have normally been destined, sooner or later, to be absorbed into one of the mainstream banks in the City's march towards globalization; a legacy of Thatcher's 'big bang'.

But that was not to be. Thanks to Kennedy, the Irish bank had taken a different direction. It was he who had pointed the way towards continental banking and the fusion with an old Amsterdam bank. He then followed up by engineering a partnership with Sergei Tarasov's Moscow bank, creating a powerful multinational banking group about to join forces with the Wu family and expand into Mainland China.

Fitzwilliams followed no preconceived empire building strategy, his ambition was simply: growth, wealth and power. With his charisma the banker attracted men of daring and talent and like many successful leaders he was was a highly skilled opportunist. When Kennedy opened a breach, Fitzwilliams led the way forward, using the resources of the City of London to exploit new conquests.

Kennedy was more a twenty first century adventurer than a banker. He used his instinct to flair opportunity. His brash thick-skinned style knew no obstacles, perhaps it was naivety, but little discouraged him from going where fortune led. Thanks to Fitzwilliams he had gained a new authority and acquired a solid veneer of class with the power he represented, creating an aura of distinction around him wherever he ventured.

He did not need a large entourage of consultants, organisers and planners. He followed his intuition, allowing himself to be carried by the current, gravitating into rarefied circles on the strength of his name card. There, where powerful decision makers met, he mixed in naturally, without flaunting contacts, or promising the earth. Details he left to the specialists, the role of whom was to transform the ambitions and hopes of others into bankable reality.

The banking group's glossy brochures, filled with figures, statistics, graphs, results, photographs of board members and leading shareholders, flattering images of the bank's London headquarters, maps, achievements and goals, obscured the hazards of fate that had created the group. Fitzwilliams' banking empire now radiated from the City of London to Amsterdam, Moscow, Vladivostok, Hong Kong, Shanghai and of course the Caribbean, and was represented in major cities of importance across the planet.

The group's rise had been meteoric, fifteen years earlier few would have

recognised its name not to mind foresee its future success. It had survived the financial crisis that followed the collapse of Lehman Brothers, it escaped the British banking Armageddon almost unscathed, it had survived the euro crisis, and now it was poised to conquer China and East Asia.

There were those who feared another bubble, a mega-bubble, one that would mean disaster for China and those who rode the dragon: Francis was one. To the academic, who headed the bank's think tank, history was nothing but a cycle in which empires rose and fell, whether they were ruled by kings or business magnates. Francis believed those cycles were becoming faster and China's with its turbulent recent history could tip the world into a crisis of unimagined proportions.

Not only had the world become a more complex place, it was more dangerous. The world did not function logically, it was governed by men, the most dangerous, greedy and unpredictable of its creatures. The idea that someone, somewhere, was forming a sane and logical plan for the future of humanity was far, very far, from reality. The shifting sands of history could be seen in the South China Sea, where China's military it flexed its muscles, where the Middle Kingdom's territorial ambitions threatened the integrity of its weaker neighbours.

Such considerations were far from Pat's mind when the bidding started. The high point of the evening was a blue and white Ming Dynasty vase estimated at ten to twenty million US dollars and two ink paintings by Bashi that were expected to break a record, with total sales expected to pass the one hundred and fifty million dollar mark.

## LILI

Pat was as nervous as a young man on his first date when he left to pick up Lili at Heathrow. There were no privileges for Lili, she held a Hong Kong SAR Chinese, or simply SAR, passport, and on arrival had to pass through border controls like any other traveller. The Chinese government did not recognise dual nationality for any of its citizens, however, SAR passports did provide certain advantages for Hongkongers entering the UK.

Strictly speaking Lili was not a Hongkonger, but thanks to the influence of her very wealthy and very well connected family she had acquired the status of a British National (Overseas) before Hong Kong was handed back to China in 1997, when many of the colony's wealthy families feared for their future under Chinese rule. As it happened things turned out well and

the disaster that many had predicted never happened.

It was five-thirty in the afternoon when she wheeled her trolley out of the customs area. Pat's heart jumped, though the sight of her overloaded baggage trolley was a little disconcerting to someone like him who boasted of travelling lightly.

Preferring a day flight Lily had left Hong Kong mid-morning and had relaxed in the comfort of her first class seat on the long Cathay Pacific flight, almost thirteen hours flying time. She looked fresh and raring to go.

Lili was no stranger to London having spent a year at the LSE as a student, although it had been a confusing sojourn for a young Chinese girl who had left home for the first time. Her visits to London since that time had been few and quick as her business had been focused on China and Hong Kong with the occasional visits to Singapore or North East Asia.

Chinese families and businesses were not frivolous and her vacations to Bali, Vancouver or San Francisco had been short affairs with no semblance to the breaks of Europe's gilded youth to Ibiza or Marbella, the bling capitals of the Mediterranean, with their nightclubs, stylish designer emporia, mega yachts and Champagne spray parties, where living it up in the sun, on the sand and in beach bars and restaurants was almost a way of life.

Pat had difficulty in concentrating on the early Friday evening traffic as Lili chattered, commenting on the airport security, border controls, the passing scenery and her plans. She asked him about the presence of soldiers in and around the airport and their curious attire, with their desert fatigues it seemed to her as though they had just arrived from Iraq.

Pat had to agree with her, it was incongruous to see the military in sand coloured battle dress with the dull damp London weather.

"So how long does it take to get there?"

"Where?"

"Your place silly. I looked it up on Google street view."

"We'll be there in twenty minutes," replied Pat as they passed the Hammersmith flyover.

"Is anybody there?"

'No, of course not. Mrs Reilly will be gone by the time we get there."

"Who is Mrs Reilly," asked Lili a little sharply.

Pat laughed: "She's my house keeper, I've already told you about her."

"Oh."



She placed her hand on his as a sign of regret for her sharp tone. Pat glanced at her fine fingers, the perfect colour of her skin and her beautiful manicured nails. He congratulated himself on finding such a beauty, though at the same time could not help questioning her interest in him considering he was not as an outstanding example of male beauty.

It was a struggle to get all of Lili's luggage up the to penthouse apartment that overlooked the Thames. Lili headed directly to the panoramic windows to take in the view over Battersea Park and Chelsea's Ranelagh Gardens on the other side of the river.

"Beautiful," she said turning around to admire the apartment.

She laughed and threw her arms around Pat. "Are you pleased to see me?"

"Who wouldn't be," he said feeling her soft body against his. "Let's get these inside," he added pointing to the luggage.

"Where's our room?"

"There, I've made space in the dressing room for all your things," Pat said leading the way, pleased he moved his affairs to the second bedroom. Lili would clearly be needing plenty of space. "There's the bathroom if you need it."

A couple of minutes later she reappeared finding Pat looking out over the Thames. The clouds were clearing and the evening promised to be pleasantly warm.

"What are our plans? Are we going to eat?" she asked with a mischievous smile.

"Up to you."

"Well I'd like to stretch my legs after the flight."

"Well we can take a walk on Kings Road, it's not far, but very fashionable and perhaps you'll see somewhere you'd like to eat."

"How shall I dress?"

"Casual."

\*

Pat preferred taking the Jaguar to avoid the dust and noise of the traffic on Chelsea Bridge Road and by luck found a parking spot off Sloane Square behind Peter Jones.

The evening was pleasantly warm giving Lili the chance to take-in the latest London fashions, stopping at almost every shop window. It was not something that Pat was used to, but he had never seen her so excited, she was like a teenager bubbling over at everything she saw, passers-by, cars,

restaurants, cinemas, pubs and coffee shops. It was almost nine when she decided it was time to eat. Pat anticipating the moment had already booked a table at the Cheney Walk Brasserie, a trendy French style bistro, where he was a well known client. The restaurant was situated in an apple green nineteenth century corner house decorated with coach lamps. Their table, on the first floor, overlooked Chelsea Bank Gardens with the Thames beyond between the trees.

Lili was thrilled, it was so different from Hong Kong and even more so than Guangzhou. She took Pat's hand pleased that he been able to anticipate what she preferred best.

"I hope you like French food?"

"Of course, it's delightful here."

"It was once a Victorian pub," he told her remembering the owner's story.

Pat helped her with the menu, displaying his knowledge of French. They ordered scallops followed by grilled sea bass and chocolate fondant, then with a flourish he ordered a Chablis 1er cru from the wine list. Once the formalities were over they concentrated their talk on each other and the week ahead.

It was almost midnight when they returned to the apartment. Lili told him she was not in the least bit tired, but as soon as they dropped onto the sofa she closed her eyes and was asleep.

\*

Lili was up early, she showered and slipped back into the bed putting her arms around Pat, gently waking him up.

"I'm so sorry I went asleep like that. Let's make up for it now," she whispered in his ear.

Pat was fascinated by Lili's body, its smoothness, its firmness. He was fairly expert in the matter. Over the years during his travels he had encountered many women, but Lili was special. Their relationship had started slowly, each a little suspicious of the other, both very different, from distant worlds, which did not stop them discovering they had one thing in common, their desire for the exotic.

Pat, an Irishman from Limerick who had reached the top, was a good looking man. He had not been lucky in love, his wife Mary, once she realized they would not have children, had sought refuge in religion, dedicating her life to the church, it was God's choosing. Five years earlier, after a short illness she had suddenly died, cloistered in a Limerick convent,

a tragic end for the lively young woman Pat had married almost twenty years earlier.

Pat hated to admit it to himself, but it had been a release. He was a non-practicing Catholic, though his upbringing had instilled in him a fierce respect for the laws of the church, as had been his wife, which meant there had been no question of divorce.

It was nine when the sound of Mrs Reilly awoke them again. She was busying herself preparing the breakfast as she often did at weekends when Pat asked her to come in. She lived barely ten minutes away by foot on the other side of Chelsea Bridge on the Ebury Bridge Road.

“Who is there?” asked Lili.

“Don’t worry it’s Mrs Reilly. We’ll have breakfast now.”

The sun was streaming in and the view of Battersea Park from the bedroom window was splendid, the trees dressed in their late spring greenery. Pat slipped on a dressing gown and passed one to Lili.

“I can’t be seen like this!”

“Of course you can, she won’t bite you.”

Pat presented a very shy Lili to Mrs Reilly who was delighted to see Kennedy had found himself a nice young woman. The fact she was Chinese did not worry her in the least. London was a multi-cultural society and even her own children had made mixed marriages, as she called them, meaning with Protestants.

\*

With the arrival of the fine weather Jack Reagan set out to take a closer look at London’s new landmarks: the Shard and the Gould Tower. He was surprised by the new spurt of office construction in the City, a sure sign that the economy was on the mend.

From London Bridge he headed for Borough Market where he stopped to buy a pastrami bagel at one of the many stalls in the food court that now occupied the pedestrian zone. He then wandered down Cathedral Street to the riverside where he found a bench and sat down to watch the passers-by: pretty office girls and tourists. He ate his bagel with relish and was just wiping his mouth when he was startled to see Pat Kennedy strolling along in the company of a pretty Chinese girl.

“Pat!”

“Jack, what are you doing here?”

“I could ask you the same thing!” he replied with a laugh. “It’s a long

time.”

“Let me introduce you to Lili.”

Reagan already understood she was more than a casual acquaintance of Kennedy’s from the way they had held hands, quickly separating when he surprised them.

Reagan smiled and bowed politely whilst admiring Pat’s taste.

“I’m over for a few days looking after my properties in Pimlico.”

“You’re not that far from us.”

Reagan noted the ‘us’.

‘Is Marie-Helene with you?’ asked Kennedy.

“Unfortunately not, she doesn’t like hanging around while I look after my business.”

They all laughed.

“We’re having a little evening for friends tonight, why don’t you come over if you’re free.”

“I’d like that.”

“Informal. At eight.”

‘Fine.’

“Chelsea ... Battersea,” said Kennedy pulling out a card, “here’s the address.”

The couple continued on their way as Reagan admired the couple.

They had got to know each other after being introduced in Biarritz by Tom Barton. Reagan had become one of a small group of ‘bad boys’ that got together whenever Pat and his friends were in town.

\*

The couple arrived at the Royal Opera House in style, dropped off at the main entrance by Pat’s driver. It was one of the privileges of being rich, and rich he was. Things had gone quickly over the past twelve or fourteen years, he had made the right choices, met the right people, been in the right place at the right times and taken risks that had paid off. There had always been difficult moments, but chance had it he made the right decisions, unlike certain others he knew.

Pat Kennedy was a wealthy man thanks to the annual stock options he had received, which exceeded his salaries and bonuses combined since he had joined the bank. Pat had exercised his rights at propitious moments and had made considerable profits, especially following the creation of INI,

investing his gains in a prime property portfolio and diversified investments in blue chip companies on both sides of the Atlantic at the right moment, as London prime property saw spectacular returns, with the US stock market doubling in the space of just eighteen months. He was riding high and it seemed nothing that could stop him from becoming even richer.

The bank's transformation into an international commercial and investment institution placed it amongst the worlds top one hundred banks in terms of the combined assets of the holding controlled by Michael Fitzwilliams and Sergei Tarasov.

\*

Lili would enjoy Puccini's *La Rondine*, Pat was certain she would. He was pleased with his choice, it seemed as if the programming of the opera had been timed for Lili's visit and the beauty of the music would mark the start of her visit.

The bank, as patron of the Royal Opera, had reserved seats in the grand tier, where they were guaranteed a perfect view, not only of the opera but also the magnificent opera house.

Pat desperately wanted to please and impress Lili. In spite of his meteoric rise to the summit of the City banking world, he had never quite shaken off his modest, straitjacketed, background and upbringing, on the edge of Limerick City in Ireland. Arriving at the Royal Opera House in the company of the beautiful daughter of a rich Chinese family was a sure sign he had made it. The twenty or so years age difference did not worry him in the slightest, at forty nine he was in good condition and felt he was at the prime of his life.

He was prepared to go to almost any length to make her visit to London a memorable one. Though a slight shadow of doubt lingered in his mind when he thought back to his own first reaction to Chinese opera, which time had done nothing to improve. There was a difference however: Lili's education in Hong Kong and London had made her mind receptive to Western culture; the same could not be said for Pat, nothing in Limerick could have prepared him for Chinese opera.

As a young man in Ireland his only contact with China was the Jade Garden, a Chinese takeaway, near the Church of the Holy Rosary on O'Connell Street. He had to wait until his first visit to London to discover Soho for his first real, though very distant, contact with the heathen Middle Kingdom, as Brother McGuire at the Salesian College had called it.

After ten days in London Lili got down to business. Not only had her

feelings for Pat been confirmed, she was also totally seduced by what he had shown her of his life in London. For a young Chinese woman, pushing thirty, Lili's family was anxious that she marry, though the idea of her marrying a guailos was not what they had had in mind, even if he was rich. There were many thousands of very rich candidates in China to choose from. But times had changed and if mixed marriages in Guangzhou were rare, in Hong Kong they were more frequent and Lili knew she had the support of her brother and cousins.

In any case she had her own ideas. The globalised world was a small place and distances had shrunk with the speed and comfort of modern air travel. Lili could fly from one home to another in less than a day and in the kind of comfort tourist class passengers could only dream of.

Finding a home in London would not be difficult, at least for those with the money. It seemed straightforward to Lili, who formed a clear idea of what she wanted after having being invited by both Fitzwilliams and Tarasov to their respective homes in Knightsbridge.

"I'll call Sarah Kavanagh and she'll line up visits to suitable properties for us if you like."

"Something traditional Pat, I wouldn't want to be accused of being too bling back home. There's been a lot of scandals, you know throwing money about, not to speak of corruption and all that. My father told us to be careful about conspicuous consumption."

"Well you don't have to worry about that here."

"Well stories get home. Baidu loves it, I don't want my photos posted by bloggers with those of government officials wearing very expensive watches or driving fancy cars."

"Probably not good for business in Hong Kong?"

"That's right. Recently expensive wines and shark fin soup sales are down a lot." Then she added with a laugh: "Though I've heard they're selling a lot of private jets today."

"Coming to Europe to spend."

"Like me."

"It seems you prefer foreign brands," Pat said pointing a finger at himself.

"Yes," she said laughing, "and foreign cars."

\*

No sooner than Lili said goodbye the Shanghai stock exchange crashed. Here we go again, thought Pat, just when it seemed the much-needed calm

had settled over global markets. The Shanghai composite dropped another 5.31%, bringing the losses to over fifteen percent since the People's Bank of China had raised overnight rates the week before. Since the wild peak of August 2007, it had lost two thirds of its value, scuttle-butting along at around the 2000 points level. Monday, 24 June, it hit a low of 1963 points, a level not seen since the Lehman Brothers event.

It was not a good augur for investing in China, but, thought Pat optimistically, a lot of Chinese would want to start hedging their bets by getting money out of the country.

He wondered whether the move by the PboC, which had sent overnight interbank rates to thirteen percent, had been to purge speculative excess, or was it trying to hide a bigger problem?

He did not think it would go much further, his recent experience told the risk of default talked about in the financial press was scaremongering and in reality he should be betting on Chinese markets, if what Lili told him was anything to go by.

Talk of systemic collapse was rubbish, the US was on the rebound, as was the UK. Europe was behind, but the cycles were different. Ireland had not gone bust, neither had Spain or Portugal and even Greece was hanging on.

It was never as bad as it seemed.

It was true that the Chinese problem stemmed from new credit creation, beyond regulatory reach, but shadow banking was nothing new in China, or Asia in general.

It had become a non-regulated mix of special vehicles, trust companies, insurance firms, leasing companies, pawnbrokers, wealthy individuals, family groups and other informal lenders associations, all looking for higher yields. The problem was what would happen if it all got out of control, which was always a possibility. Black swans had the unpleasant habit of popping up in the least expected places, especially if the yuan became an internationally traded currency.

## **Chapter 3**

### **BASQUE COUNTRY**



Why Mieugard had chosen a strange château twenty kilometres south of Biarritz for the meeting seemed a mystery to Fitzwilliams. The neo-Gothic Château d'Abbadia lay just outside of Hendaye, perched on a hill overlooking the ocean. For all that it was not sinister, though certainly eccentric; from the pages of a Conan Doyle tale.

Jean Mieugard, president of the French gas giant, Aquitania, was proud of his Basque origins, as had been the nineteenth century builder of the château who in addition had been Irish on his mother's side. The idea of a Basque-Irish marriage had pleased him; for Kennedy the château was symbolic, an omen. The fact that Aquitania was French was irrelevant.

The château had been built by Antoine d'Abbadie, a Dublin born nineteenth century explorer and ethnologist. His father, a nobleman, had fled France to Ireland during the Revolution and there he married an Irish girl. The family had two sons and returned to France in 1818, when Antoine was eight years old.

As a young man Antoine Abbadie studied at the Sorbonne, the Muséum national d'histoire naturelle and the Collège de France, after which he participated in scientific expeditions organised by the French Academy: first to Brazil, then, with his brother, to explore Abyssinia and the Blue Nile.

He built his château in Hendaye, between 1864 and 1879, where he bought the domain overlooking the ocean, which was bequeathed to the French Academy of Sciences in 1897. It contained an observatory, a chapel and Abbadie's library that included his maps, manuscripts, Ethiopian and Basque dictionaries, works on astronomy, coins and ancient inscriptions.

The château was a ten minute drive from Villa Leïhorra where Fitzwilliams and Kennedy had been invited to stay. A magnificent Art Déco style villa built in 1926 on a hill in Ciboure overlooking the Bay of Saint-Jean de Luz, far from Paris and the City where a meeting of bankers and oil men could not have gone unnoticed.

Their goal, an ambitious investment programme in the oil group Yakutneft in Russia's Far East in partnership with the oligarch Sergei Tarasov.

## SPRING WITHERS

The Arab Spring had been an unforeseen event, a Black Swan, but the Arab

Summer was even more surprising. John Francis had never imagined the Egypt's Islamist government would be ousted barely a year after its democratic election. The media announced that Mohammed Morsi, the recently elected Egyptian president, head of the Muslim Brotherhood party, had been 'isolated' by the army; along with members of his government and leading figures of his ruling party. Together they were being held incommunicado.

In total, over three hundred top members of the Muslim Brotherhood had been arrested during the course of a tumultuous night in Cairo. In a dramatic televised speech, General Abdulfattah al-Sisi, head of the Egyptian armed forces, accused Morsi of rejecting calls for national dialogue.

Francis feared a civil war that would send the price of oil rocketing and markets plunging. Earlier that week as tensions rose he had called Fitzwilliams to warn him of the dangers and discuss the possible consequences.

Whatever the fate of the Egypt's millions, the verdict concerning Mohammed Morsi was without appeal. He had failed to understand the essential task facing leaders, wherever they were, especially in the developing world: building a viable economy, the rest came a poor second. Leaders such as Morsi had only to look at China: an outstanding example of economic reality, but things were never that simple.

All that was not just of academic interest to Tom Barton; he had followed the events assiduously. As the threat of Egyptian chaos blew hot and cold, the price of oil rose and fell, and he played the markets, netting substantial gains. As ever he followed market-changing events, not merely waiting for CNN or Al Jazeera to announce the news, but by using specialist sources, experienced observers and analysts present in countries hit by crises.

He watched old hands on China and the Arab world interpret events, scanned foreign news media and read political analysis, on a constant lookout for the first signs of impending crises and the effects they could have on oil, gold and commodities. He bought and sold not to accumulate any specific asset, but to grow his wealth: in dollars, euros, Swiss francs and pounds.

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In the background was the continued rumblings of the crisis stricken eurozone, but the event making the news in London was far from those worries, though it was the sign of an underlying sense of insecurity.

After thirty years of political bickering and financial fiascos came the long awaited ground-breaking ceremony for the redevelopment of the Battersea Power Station. It was not just any old project: the power station was a vast incongruous monument that had dominated the London skyline for more than three quarters of a century.

As a kid Jack Reagan had watched it in awe from the Grosvenor Road embankment, a great rumbling, steam belching monster, a dark clanking hive of activity. Barges filled to the gunwales with coal docked at its quays on the River Thames, where day and night huge black cranes tirelessly unloaded their cargoes onto the waiting conveyors; simultaneously empty barges were filled with clinker.

On Sundays, on their ritual outing to the Battersea Park Festival Gardens, he with his brother looked across the turbid waters fascinated by the monster, then as they crossed Chelsea Bridge they strained for a better view, which unfortunately was forever obscured by the railway bridge that crossed the river linking Victoria Station and Clapham Junction.

During WWII the vast complex was a choice target for the Luftwaffe, though its bombers never succeeded in destroying either the power station, the bridge or the railway junction, all of which were at some past time described as being amongst the world's largest in Jack Reagan's encyclopedias, which boasted of Britain's and its Empire's achievements.

The monster, clearly visible from Westminster, marked by its omnipresent plumes of surprisingly white smoke that unfurled into London's skies, had generated a fifth of the capital's electricity. Construction of the power station had started in 1929 and for more than half a century it had produced electricity with British coal. When it was finally decommissioned in 1983, its ruins formed a gaping eyesore on the London's South Bank for three decades.

The twenty first century ground breaking ceremony would have made Britain's empire builders rub their eyes at the reversal of roles. In effect, David Cameron was present as the guest of the Malaysian consortium, owners of the site, and Prime Minister Datuk Seri Najib Razak, Prime Minister of the Federation of Malaysia.

The Malaysian leader told David Cameron: 'We are partners in prosperity.' It was if Britain was the giant in ruin, rescued by its former colony. An echo of the fates of Greece and Rome, John Francis mused to himself as the dignitaries applauded the prime minister. The men from INI were out in force for the occasion: Fitzwilliams, Tarasov, Kennedy, Barton, Francis as

well as Angus MacPherson who had specially flown in from Hong Kong for the event.

Boris Johnson, the Mayor of London, showered praise on the efforts of all those who had contributed to the project, which promised thousands of new homes.

“For Londoners,” an amused Barton whispered to Francis.

“You’re joking,” he replied mumbling under his breath.

The ordinary Londoner would be lucky if he got one of the thousands of new jobs working in the development’s multiple leisure facilities: serving in its restaurants, making beds in its hotels, or some menial job in its sport and fitness centres. Francis wondered what Johnson meant when he spoke of affordable housing with apartments selling on an adjoining development going at half a million pounds for a one room studio.

The Malaysian consortium had acquired the forty acre site at the end of a long running saga that had started in 2006, when the site, once described as a ‘poisoned chalice’, was sold to Johnny Ronan, one of Ireland’s biggest property developer at that time. The flamboyant Irish property tycoon’s project collapsed into administration at the end of 2011, victim to Ireland’s unrestrained ambitions.

## LONDON

The Gould empire had expanded at an extraordinary rate under Cameron’s premiership, that did not mean however that the property magnate could have been described as a friend of Cameron. Gould was not of the same class, he had not been born into privilege, he had grown up in the old East End of London, long before it was taken over by Bangladeshis and others immigrants from the Subcontinent and elsewhere.

Gould was what the certain establishment members would have begrudgingly described as a self-made man, a rough diamond, the son of a Jewish family. He had first come to the attention of the City after liquidating a large part of his very diverse property portfolio during the millennium euphoria, using his cash to break into the mainstream commercial property market. Then in 2005 he put his up portfolio as guarantee for the loans needed to launch his prestigious Gould Tower project, which as it happened turned out to be a perilous venture, as soon after commercial property prices crashed.

The banking pool put together by Michael Fitzwilliams to finance Gould's project miraculously survived the Lehman Brothers crash and the UK banking disaster, and finally in 2010 loans were approved, signalling the worst of the crisis was past. Gould had won his bet and as markets picked up and asset values rose he went from strength to strength.

Fitzwilliams had believed in Gould when the promoter had approached him with the project for his tower. It was a perfect investment opportunity for the INI's Europa Property Fund after Gould had been turned down by the major banks, including City & Colonial, hypocritically frowning on certain of his unorthodox arrangements with Icelandic tycoons.

In effect the financing arrangements for the Gould Tower site had initially been planned through an Icelandic bank, in what had been touted as one the largest property transactions ever undertaken in the City. However, when Iceland went under, Gould turned to Fitzwilliams and a pool of investors, including offshore funds based in the Caymans controlled by Tarasov's friends in Moscow, and according to certain rumours the Gaddafi clan.

The inauguration of the Gould Tower in the presence of the Chancellor of the Exchequer and the Lord Mayor of London had put the property magnate into another and more frequentable class, however he did not forget the snubs and remembered his friends.

Gould's dapper bespoke suits, chummy smile and Havana cigar, belied the true force of his character. The East End had taught Ronny how to defend himself, in more ways than one. As a teenage he had boxed his way to the London final in his weight. At eighteen his pugilistic skills earned him a job as a bouncer at the Americano, a West End night club frequented by American airmen from bases in Suffolk, who to save the cost of a hotel hung-out in the all night jazz club.

Gould discovered business psychology as a bouncer and a loan collectors' enforcer, rarely using strong arm tactics having discovering a credible threat was better than the risk of finding himself at the local police station on charges of assault.

## ROOTS

Pat Kennedy was never totally at ease in London society, or to be precise

English society. England after all was at the root of the Troubles, and Ireland, now a republic, suffered in many ways from what the English had left behind: the thinly disguised vestiges of a class society, where each and everyone knew his or her place, with its haves and have nots. A society that was essentially divided into under, working, middle and moneyed classes. As a republic Ireland had no royalty, or nobility, in the British sense. There was the church, at least there had been when he was a lad, where the clergy, encouraged by the gentry, had played an overwhelming role in society.

The Irish landed gentry was not an anachronism, it was a fact, his late wife Mary's parents were the proof, and his marriage, as seen by Pat's mother, confirmed it. All her efforts had borne their fruit: his university education, his work experience in Boston, financed by the sacrifices of his doting parents, and the accounting practice he had built up in Limerick City, which had firmly set him in the professional classes.

Pat, already wealthy before the tragic death of his wife, had inherited the rich farmland, in and around the City of Limerick, which had been bequeathed to Mary by her parents, giving him the added status of a landowning notable.

More than a decade later, as a City of London banker, he had left his modest origins far behind. At least on the surface.

The Fitzwilliams' family, in total contrast to Kennedy's, was a vestige of the aristocratic Anglo-Irish landed gentry, whose most well known member was the Guinness family, more recently Barons of Iveagh. The Fitzwilliams were one of the few remaining families of that ruling class, who Brendan Behan, an Irish playwright, better know to some for his drunken outbursts, defined as Protestants with a horse.

Many members of the Anglo-Irish gentry had quit Ireland during the Irish Revolution between 1910 to 1920, and the civil war that ensued from 1919 to 1923. Their grand homes, known as 'Big Houses', were burnt down or blown up by Irish rebels. With the seizure of land by tenant farmers during the struggle for independence, property, confiscated by the English in earlier centuries, was returned to the Irish.

Fitzwilliams had grown up in a very 'Big House' as Pat Kennedy chased bats with his air rifle in the ruins of such a home outside Limerick City. From two different worlds they met by chance in Boston a couple of decades earlier as they learnt the ropes of their respective profession, Fitzwilliams a banker and Kennedy a business accountant.

The middle class, in the words of Bill Clinton, were those who 'work hard

and play by the rules'. In comparative terms there were little or no manufacturing industries of consequence in the Republic of Ireland and the middle class wafer-thin when the consumer society arrived, thus the working class consisted of the have nots: poor rural workers or struggling families in the bigger cities.

With the arrival of the consumer society, tardive as it was, came the boom years with the working classes gravitating into the ranks of the middle class, generating a labour shortage and an explosion of wages. Irishmen and women discovered disposable income and quickly learnt how to spend it: household appliances, cars, foreign holidays and homes.

Ireland invested in modern light industry and attracted foreign investors, and very soon it resembled its wealthier European neighbours, even surpassing their living standards.

With its newly found wealth and membership of the European Union in 1973, Irish society threw off the shackles of its hereditary notables: the clergy, religious orders, the local gentry, landowners, solicitors, doctors, bank managers, local merchants and businessmen. Soon a new professional class sprung up, managers, engineers, designers, production and transport specialists, the list was long. As builders set about constructing better homes, banks offered attractive mortgages and estate agents sprung up everywhere.

Irish society boomed and the greatest change in Ireland, in perhaps centuries, took place at decision making levels of Irish society. Those who held power, that is to say a new generation of Irish politicians, dedicated to creating wealth for their nation and its citizens, along with government officials and businessmen, controlled the distribution of wealth, and in doing so unwittingly laid the foundations for the greatest banking and financial crisis in the nation's history.

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One of Pat Kennedy's most important undertakings had been to put his wealth out of reach of the tax-man ... and just about everyone else. When it came to his own money his training and background in accounting made for a very careful man. He had learnt his lesson the hard way back in 2000, and the economic crisis had served as a great reminder of how tenuous prosperity was.

Since 2008, Pat had, not without trepidation, watched Irish bankers, tycoons and even a Rock star go bust, and justly so. To their everlasting regret many of them had invested in wild property schemes and other



harebrained speculative adventures.

Pat had got out of property in 2006, when the market had started seriously overheating. Two years later he quietly slipped into Westminster Cathedral, where in a silent, but earnest prayer, he thanked the Lord, the Virgin Mary and Saint Patrick, for the first time in as long as he could remember, for having blessed him with the foresight to have got out the market when he did.

As for the hapless Rock star, after filing for bankruptcy, all he was left standing with was a diamond-encrusted wedding ring, said to be worth over thirty five thousand euros. His debts amounted to twenty million euros after his company had contracted a series of large loans to build a housing estate in County Leitrim. Only half of the homes were built and they were sold below cost.

Six years after the crisis, British banks were not yet out of the woods as multiple law suits were filed against them, by US authorities amongst others, accusing them of having misrepresented the quality of the mortgages they had sold.

“It seems like *Götterdämmerung* has been avoided Fitz,” Kennedy announced with a self-satisfied I-told-you-so smile, as he massacred the language of Goethe.

“What!” asked Fitzwilliams puzzled by Kennedy’s mashed words.

“The Bundestag’s constitutional court has said the bailouts to Greece are legal.”

“Oh, I see. I didn’t realize you could also speak German Pat.”

“No, you know like in Wagner.”

“What?”

“*Götterdämmerung*.”

“Forget it Pat, continue.”

“It just came through, a stock exchange newsflash.”

“A reprieve, for how long?”

“You think it’s that bad Fitz.”

“You’d better believe its bad Pat!”

It seemed like the judges did not want to have the collapse of the eurozone on their conscience. Whatever their reasons the markets bounced back and banking shares perked up in spite of the fact the rescue programme for Greece was heading for the rocks.

## WEE FEEKERS!

“Will you look at these silly wee feekers!”

“What have you got now?” asked Fitzwilliams.

“The Irish Independent’s published recordings of Drumm’s telephone conversations at the Anglo-Irish.”

“What!”

“That silly feeker Drumm was taped on a phone call with Bowe laughing about the UK and Germany.”

“Jesus!”

“Yes, he said ‘get the feekin money in’. Then they both started singing Deutschland, Deutschland, Uber Alles down the phone.”

“Idiot.”

“Listen to this, with the bank on the verge of collapse he said: ‘Another day, another billion’.”

In October 2008, the bank guarantee scheme was rushed through the Dáil to avoid the collapse of the country’s banking system. Deposits and borrowings were guaranteed for leading Irish-owned banks for two years to prevent a disastrous flight of depositors. Amongst these was the Anglo-Irish Bank, which was nationalised after huge losses, and evidence its directors had engaged in illegal business practices, including the attribution of loans to themselves and their friends.

“Drumm said: ‘Ah, you’re abusing that guarantee. Paying too much in Germany I heard now as well. Feekin ridiculous, John’.”

A regulator had called Bowe to tell him to be careful how it used the guarantee. Mimicking the regulator, Drumm said: ‘It’s feekin awful what’s going out there. I mean the feekin Germans are on to us now, David, you know.’

The Irish bank guarantee scheme caused a storm with Britain’s Chancellor phoning Ireland’s finance minister to tell him the scheme put UK banks in an impossible position, while Angela Merkel said it was unacceptable.

Drumm said: ‘We need the moolah, you have it, so you’re going to give it to us and when would that be? We’ll start there’ and if they didn’t get it he’d ‘hand the keys’ to the state, ‘because if they don’t give it to us on Monday they have a bank collapse. If the feekin money keeps running out the door, the way it has been running out the door.’

‘Stick fingers up,’ retorted Drumm, then adding he ‘had a pop’ at the Irish

regulator ‘about Northern Rock. I said look they went around with the Union Jack wrapped tightly around them like a jumpsuit and grabbed all the deposits and where was our feekin minister for finance then?’

He continued: ‘So I’m playing a little bit of a game of “Oh Jesus, look we don’t want you to be under pressure, we’re going to do the best we can. We won’t do anything blatant but - we have to get the money in. We’ll have to feekin tiddly-winkle for it.”’

‘So I’m just saying to the guys, look, just be smart... don’t be stupid, get it in, don’t be overtly pumping it..., but we want to get the liquidity ratios up,’ Bowie replied.

‘Correct and right,’ Drumm said. ‘So OK just keep nursing along..., Jack the rates up. That’s what I really meant, get the feekin money in, get it in.’

Earlier Bowe had joked he had picked a seven billion figure ‘out my arse’ when Anglo-Irish tried to lure the Irish government into a huge bailout.

He was also heard telling Fitzgerald, ‘it would be “fantastic” if Anglo was nationalised because “we’d keep our jobs”’.

“The silly bastards can’t even speak English,” groaned Michael Fitzwilliams. “It’s about time the government set up a public inquiry into the business.”

Silently he was thinking, there but for the grace of God....

“The feekers will end up in prison,” said Pat with a frisson remembering his own brief sojourn at Mountjoy, Dublin’s grim prison.

The two men had a lot to be thankful for and they knew it.

“Drumm is living in Boston now,” said Pat more cheerfully.

“Don’t worry they’ll extradite him.”

“Unless he scoots to Panama,” added Pat with a laugh.

“There’s a lesson there Pat.”

“Oh!”

“Yes. Be very careful what you say over the phone ... and by the way, check to see if all our phones are encrypted.”

## A BONANZA

Pat Kennedy waltzed in with a broad smile on his face, for once there was

good news from Ireland. The confirmation of oil and gas reserves under the sea bed surrounding the Emerald Isles seemed to confirm the proverbial luck of the Irish.

“Would you look at this Fitz,” he said waving a copy of The Times at Fitzwilliams. An Irish oil bonanza.

“I’ve read it,” said the banker, “Don’t hold your breath Pat.”

“Well it’s official from Providence Resources survey,” replied Pat deflated by Fitzwilliams’ lack of enthusiasm.

“Let’s hope it’s true because we’ve got a bet running on his company.”

“Bet?”

“Yes Pat, I don’t have to remind you it was on your recommendation we loaned them money for the drilling rigs they bought from Sergei Tarasov’s friends in Russia.”

“Gazprom. They’re part of the farm-out process.”

“What?”

“Farm-out. That means bringing in qualified partners for production purposes, like Gazprom.”

“Whatever.”

“Michael, don’t forget we have shares in Reilly’s company.”

“We?”

“You and I.”

“How come.”

“That’s the way I set up the deal.”

“Well let’s hope he has more success than his old man.”

“It’s not the same thing Fitz.”

“What’s it worth then?” said Fitzwilliams in a more accommodating tone.

“Quite a bit Michael. The shares have shot up three hundred percent this morning on the stock exchange.”

“Dublin?”

“London.”

Tony Reilly, son of the ill fated Anthony Reilly - Ireland’s long time golden boy, held the rights to several blocks in the Celtic Sea, off the coast of Cork, where the discovery had been made. His company, aptly named Providence Resources, was soon scheduled to start production from the Barryroe Field.

Oil, so he believed, was about to transform Ireland’s fortunes after the

crisis years, and his battle against hard-core eco-warriors who had persistently blocked production, preventing the company's take off and the flow of new much needed revenues to the state's coffers.

## NICARAGUA

Wang's involvement in the canal was the fruit of a meeting in 2012 with the son of Nicaragua's President Daniel Ortega. It came as Wang sought to expand his telecom business into the country, the poorest in the Western hemisphere after Haiti.

Wang imagined the potential Nicaragua offered: it was virgin territory, abandoned by its neighbours and above all left to its sad fate by the US. There were sea and air ports to build, the development of tourism as in nearby Costa Rica and Panama, and the creation of free trade zones. Nicaragua's geostrategical location would open a new gateway to lucrative North and South American markets, an attractive new manufacturing and distribution hub with its population of eight million, a willing labour force that could be put to work for the production of consumer goods with costs even lower than those of China.

China was cautious, and for complex diplomatic reasons did not want Beijing to be seen as being directly involved. In fact China did not even enjoy diplomatic relations with Nicaragua and the risk of being thought to mess with the US in its own backyard was too great.

Moreover, Nicaragua was one of the few remaining countries to still recognise Taiwan, a fact that went a long way to explaining Beijing's reluctance to be seen as being directly involved in the project, leaving that role to HKND, a private company based in Hong Kong.

Rumour had it Wang was the son of a high-ranking military official and a grandson of Wang Zhen, one of the Eight Elders of the Chinese Communist Party, a die-hard conservative, notorious for his hard-line stance on the Tiananmen demonstrations, all of which would make the entrepreneur a princeling in the ranks of China's so called Red Royalty.

His connections went a long way to explaining why his company, the Xinwei Group, was one of the first private firms to be able to invest in China's space industry; normally an exclusively military industrial establishment affair. Xinwei, a certified vendor to the People's Liberation Army, planned to put thirty two telecommunication satellites into orbit, something that was inconceivable in China without state approval and the

evident backing of the military.

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On the twenty eighth floor of the Jardine owned Mandarin Oriental Hotel, in Central, the heart of Hong Kong, a Chinese investor and his wife listened attentively as Sarah Kavanagh of Guthrie Plimpton's took them on a virtual tour of an upmarket property development for sale in London.

The investor was one of the many cash-rich mainland Chinese who was taking the precaution of spreading his bets. Many feared the Chinese property market had started to resemble that of the US in the period leading up to the sub-prime crash. It was why the Hong Kong Special Administrative Region and the People's Bank of China had taken steps to cool the market, triggering a rush for alternative assets overseas to protect newly found wealth.

The event was part of a campaign launched by Guthrie Plimpton to promote prime London property in China. Sarah Kavanagh was hosting the weekend venue designed to provide prospective buyers with an introduction to homes abroad, notably in London, Marbella, Cannes and Dominica, with INI Hong Kong offering buyers its services for setting up accounts, financing, transfers and legal assistance.

The properties proposed included Gould's Cheyne Walk development, for which Sarah proposed a visit to London, offering serious buyers from Guangzhou, Shanghai and Chongqing accommodation in a first class hotels accompanied by a Chinese speaking guide to visit its properties.

Purchases by Mainland Chinese had accounted for over forty percent of new luxury home sales in Hong Kong. That is until the Special Administrative Region imposed a fifteen percent tax on foreigners, meaning Mainland buyers, which had the effect of pushing investors into the arms of real estate firms like Guthrie Plimpton that offered buyers overseas alternatives, notably London.

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The über rich's appetite for London property was growing fast, forcing prices higher and higher as they snapped up super-prime properties, proof that globalisation knew no limits. At Guthrie Plimpton's, Sarah Kavanagh knew it, she was in a position to, she was at the very heart that encouraged the scramble. Sarah had moved up the ladder, in three or four years she had become one of the real estate agent's leading consultants, her domain prime property, just a notch away from super-prime; that is properties from ten million pounds upwards. She had been promoted following her success in

Dominica, where she was accredited with the successful introduction of the Emerald Pool II development to Chinese investors. She had hit the headlines after being photographed shaking the hand of the new Chinese Premier on his first visit overseas ... surprisingly to the Caribbean.

London had a lot going for it, there was political stability, the City, the English language, a multi-ethnic society, a fair degree of religious tolerance and of course outstanding fine property like for example Brompton Square, where a six-bedroom house could sell for twenty five million pounds up.

As London's poor looked on, as paradoxically most such homes were occupied a mere four to six weeks a year by their owners, who not satisfied with their magnificent properties, invested in expanding them downwards: iceberg homes, and not only beneath the house itself, but also under the garden and outbuildings, with the addition of ultramodern kitchens, garages, gymnasiums, cinemas and even swimming pools.

The über rich could spend anything between ten and one hundred million pounds for a London home with the record reaching over two hundred million. They came from Russia, the Middle East, and from France, Spain and astonishingly crisis stricken Greece, with a quarter of them part of the British plutocracy.

London was also a top destination for investment in commercial property. Six years after the crash, sales had returned to pre-crisis levels. It was a good time for INI's property fund. London was a safe haven and compared to continental Europe the attraction of phenomenal gains drew investors from all over the world.

The slowing down of the Chinese economy had become a reality confirmed by the China Securities Journal in a front page editorial. The journal announced capital inflows had slowed with investors turning away from emerging markets as the US the dollar strengthened with the Fed speaking of an end to its policy of quantitative easing.

China was threatened not only by significant capital outflows, but also its growing debt burden, which had passed the two hundred and twenty percent GDP mark. Any deleveraging by Chinese banks would have a serious impact on the country's economy, transforming the hoped for soft landing into something much harder than planned.

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Lili's grandfather had know bad times. As a leader in the People's Liberation Army he had escaped the madness of the Cultural Revolution. In the madness that Mao had unleashed, Wu Yeye had smuggled his family

out of Canton in the dead of night, down the Pearl River by boat to the safety of Hong Kong and Macao. As the frenzy reached its peak Red Guards ran wild, rampaging through the streets, destroying the symbols of the old bourgeois world. The chaos and violence increased when schools and universities closed, freeing students to pursue the destruction of the Four Olds: old customs, old habits, old culture, and old thinking. They physically and verbally attacked their teachers, school administrators, Communist Party members, neighbours, friends, relatives and even their parents.

Once normality returned, Wu's son, Lili's father, turned his attention to the textile factories the family, in an opaque arrangement with other Communist leaders, still controlled. Following the death of Mao and the arrival of Deng Xiaoping, he invested all his efforts in expanding production to meet the growing demand as China reformed.

As Wu liked to explain, Southern Chinese always followed a different path. They were historically more open to the outside world. Thanks to the proximity of Hong Kong; his links with the People's Liberation Army; and his position in the Guangdong government, he was encouraged to develop his multiple and diverse businesses.

During that propitious period Wu's brother remained in Hong Kong, where with his cousins he built up the family business, becoming one of the colony's richest man thanks to Deng's creation of a Special Economic Zone in Shenzhen, created to take advantage of the British Colony's financial strength and its links with the world outside.

## HOUGHTON HALL

As Sergei Tarasov disembarked from his helicopter with his two English friends, he paused to admire the magnificent Palladian mansion the stood before him with its one thousand acre setting of rolling Norfolk parkland. Steve Howard reminded the Russian, Houghton Hall had been built as the home of Sir Robert Walpole, Britain's first prime minister. Walpole had led the governments of George I and George II over a period of twenty years, from 1721 to 1742, before resigning following a motion of no confidence.

Walpole's political career came to an end with the defeat of the British navy at the Battle of Cartagena de Indias in 1741. It was one of the greatest debacles in British military history, resulting in the loss of ten thousand men, a third of the British force, compared to a mere eight hundred on the



Spanish side. Little mentioned in British history books, it marked an important point in colonial history, since it allowed Spain to maintain its Empire and military supremacy in South America for another one and a half centuries. Three years later Walpole died in debt.

Houghton Hall was now the home of the seventh Marquess of Cholmondeley, David Cholmondeley, the Lord Great Chamberlain of the United Kingdom, a hereditary role in the British monarchist system.

The occasion for Tarasov's presence was the opening of an exhibition of seventy masterpieces from Sir Robert Walpole's art collection on loan from the Hermitage Museum of Saint Petersburg, in the presence of Prince Charles, future King of England.

Tarasov, like another Russian media magnate, Alexander Lebedev, was a patron of Houghton Revisited. The magnificent art collection of two hundred paintings, including works by Murillo, Poussin, Rembrandt, Rubens, Van Dyck and Velázquez, was owned by the Hermitage. In 1778, Walpole's heavily indebted grandson, a philandering gambler, had sold more than two hundred of the paintings for forty thousand gold guineas to Catherine the Great to adorn her palace in St. Petersburg.

The elite gathering, in the splendid Palladian mansion built of York stone, was an important occasion for the Russians, time to repair, or at least try to plaster over the cracks that had opened in relations between London and Moscow. For the first time in more than two hundred years the paintings were presented in their original settings.

Howard spotted Tony Blair's strange spin doctor amongst the guests. Howard remembered him from Santorino a few years earlier when he been an ardent friend of Saïf Gaddafi. In contrast to Walpoles outward going ideas, he had been one of the architects of New Labour's immigration policy, responsible for burdening the UK with a massive influx of immigrants who brought nothing but their hands with them as the world marched towards the era of robotics.

During the years of the Blair-Brown tandem, more than two million immigrants entered Britain, transforming the country as it had never been transformed since Julius Caesar had disembarked on England's shores. The Roman invasion had brought Latin civilisation, the Viking invasions their Germanic language, the Norman conquest the French language, all of which fused into modern English, spoken by five hundred million people across the planet and studied by three times that number.

Whatever the new multicultural society would bring it was still in the

making. The change had not been created by force, but by transient politicians, laissez-faire policies, stealth and complicity, whilst the majority of voters had closed their eyes, the awakening would be rude, the face of Britain changed forever, without debate, without the least democratic process, or consideration for the effect it would have on the life of its citizens and institutions, the life they had been led to believe they had fought for in two world wars, the idea of the stalwart island fortress that had been drummed into each and every Briton since early childhood in stories and legends, before they opened the first pages of their history books.

Kings and Queens of England had repulsed papists forces by sword and fire over the course of more than four centuries, then, suddenly, for no reason, without the least protestation, the floodgates were thrown open to an entirely new population, many bringing with them a new and demanding religion with its conflictual precepts.

Tony Blair and his spin doctor had gotten filthy rich all right, according to the Spectator. It was in line with New Labour's infatuation with wealth: curious for a former member of the Young Communist League, since become a Lord of the Realm, owner of a multimillion loud four-storey Gothic Revival property, with its wine cellar and two-storey atrium.

## CANTON

Weekends at their home on Shamian Island in Canton and the proximity of China's teeming millions were fraying Pat's nerves. Every time he went beyond one of Shamian's bridges he was confronted by a sea of humanity. From the market to the main shopping precinct the mass of bobbing, uniform, black heads activated his latent agoraphobia. It was not the Chinese as such, but the fear that some new kind of deadly contagious flu was lurking in their midst. Word of a new virus in Shanghai had got him nervous, more than one hundred and thirty people had been infected and the mortality rate was twenty five percent.

For weekends in Canton, Pat, in contrast to Lili who preferred the high speed train, opted for his powerful motor yacht. Fridays, after his day in the office was complete, he headed for Queen's Pier where the boat was waiting. The journey from Hong Kong to Shamian took a couple of hours, during which he transformed himself into weekend skipper, steering the yacht, under the attentive eye of his professional captain, past merchant

ships lying at anchor, around Lantau Island and up the Pearl River, passing sampans, fishing boats, freighters and ferries.

In June sunset at seven in Hong Kong and as darkness fell the lights of the river twinkled, becoming denser as he headed upstream, then as he approached Canton the darkness gave way to the bright lights of the vast teeming city. It was a great moment of pleasure, freeing his mind from the week's pressures and business concerns.

At first their moments of matrimonial bliss at Shamian elated him. The colonial house on the historic island, set amongst the elegant late nineteenth early twentieth century mansions, had become their weekend get away. It had been a gift from Lili's parents in the hope their daughter would remain close to home.

Pat was devoted to Lili and perfectly at ease with her family, but what bugged him, as he put it, was the proximity of the street markets beyond the bridges. His fear was accentuated by the media scare that announced chickens and ducks were carriers of H7N9, a new form of bird flu, which it seemed could jump from one species to another.

Strangely, Hong Kong with its dense population, never worried him as he felt more assured in his ascepticized penthouse high above the city or in the glass and concrete office tower of his office in Jardine House.

Lili tried to comfort him with the news that only people in direct contact with poultry had been infected, but Pat was not convinced. The idea of an infectious disease on the loose set his fertile imagination in motion. Pandemics begin small, he told Lili, as he imagined thousands and millions infected by H7N9, a coronavirus. Each morning Pat nervously scrutinised the pages of Xinhua, struggling to decipher the characters in the news headlines on the newspaper's Internet site, searching for details and statistics on the latest outbreak. Donning his mask whenever he left the house, shuddering at the thought of the throngs of Cantonese on the streets and its underground with a coronavirus on the rampage.

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Back home in Hong Kong, Kennedy turned his attention to a literary event with the arrival of his friend Pat O'Connelly, in town on a leg of his latest book tour. A press conference and cocktail was being held in the Peninsula for the launch his latest book, printed in traditional Chinese characters Kennedy had remarked, for Hong Kong and Taiwan, a fact that had escaped O'Connelly's attention.

"What do you think of Dan Brown's new book?" he asked O'Connelly.

“Very entertaining, a real page turner.”

“I heard the translators were holed up in an underground bunker in Italy.”

“Yes, all eleven of them, for two months.”

“Does he make that all up?”

“Well a lot of research goes into a book like that.”

“A bit far fetched to my mind,” said Kennedy, a wayward Catholic, to whom the idea of Jesus being married to Mary Magdalene was vaguely blasphemous.

“Maybe, but I like his sales figures.”

“I read more than two hundred million books.”

“So it seems.”

“You’ve done pretty well for yourself.”

“I’ve sold a few million, but I’ve got a lot of catching up to do on Dan Brown.”

“I imagine the Vatican is not too happy with him.”

“Yes, you’ve got to be careful about what you write. I got quite a piece of flak when my book about the Temple of Jerusalem was published.”

“I enjoyed that, I don’t see why anyone should be offended.”

“Well you’re not a Jew, or a Muslim.”

“No,” said Pat shrugging, “but I don’t think too many people will be worried about a story of Dante’s Inferno.”

“No, not unless you’re a banker.”

Pat frowned, but before he could reply Angus MacPherson appeared, his face beaming with pleasure.

“Angus! You’re looking happy.”

“Yes, it’s a day to celebrate. The Footsie is steaming ahead. At this rate it’ll close above 6600 points, the first time since October 2007.”

“Excellent. We’re off to London in a couple of days. Some shopping for Lili and I’ll be with Michael.”

## CANTONESE

Pat Kennedy’s fortuitous meeting with Lili provided him with a mine of information on China, its peoples and its history. He discovered how those

who bore the same surname supposed they shared a common origin, an idea that was patently absurd, but nevertheless tenacious in the Chinese mind. The existence of Chinese same surname associations were widespread especially amongst overseas Chinese.

Lili's father had recounted the story of how all Chinese believed they were descended from Huang Ti, the Yellow Emperor, whose fourteen of his sons were given different surnames, from which every Chinese family was supposedly derived. Every Chinese could therefore pretend to a link to Huang Ti, however tenuous. The reality was a large part of China's population was of mixed ancestry, descended from Mongol tribes, Miaos, Yaos, Qiangs and Tartars.

Ancestor worship went with genealogy and wealthy families like that of Lili's, maintained ancestral temples or clan halls, where the achievements of their illustrious forbearers were recorded for the edification of their descendants.

The Chinese were firm believers in race. Beside Huang Ti there was Yen Ti, who according to tradition was the founder of Chinese medicine. Every Chinese schoolchild recognised Huang Ti or Yen Ti. When they spoke of the descendants of the Yellow Emperor or Sons and Grandsons of Huang Ti and Yen Ti, they spoke of the Chinese race.

Canton was far from north China and in terms of Chinese history the Cantonese were, relatively speaking, newcomers to the Middle Kingdom. Until the tenth century, today's Province of Canton was Nan-yueh, or Nam-viet in Vietnamese, and its peoples were not Chinese. In terms of blood lines the southern Chinese were more closely related to the Vietnamese, Laotian and Cambodian peoples than those of the north.

Lili's family, who was Cantonese, descended from families of high officials of the imperial court, according to her father, known in the West as mandarins. Cantonese, the language they spoke, distinguished them from the north where Mandarin was spoken. The City of Canton, Guangzhou, or the City of Five Goats, was the third largest in China, with its people and nearby neighbours speaking Cantonese, Hakka, Teochew, Leizhou Min, Tuhua, Mandarin, Zhuanga and hodgepodge of other local dialects, often mutually incomprehensible.

The Cantonese, that is the people of Guangdong Province, were convinced of their own uniqueness, pretending they were more Chinese than their cousins of the north, who had been tainted by the blood of the Mongol and Manchu invaders.

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Though Pat Kennedy, like many visitors, found Hainan Island a tropical paradise, it had not always been so. In the past it had been a place of exile, a tropical hell, reputed to have been filled with poisonous snakes and savages. Lili had insisted on spending the Spring Festival, known to Westerners as the Chinese New Year, in Sanya, on the south coast of the island, where other Wu family members were gathered for China's most important annual holiday.

Flying into Sanya on a scheduled flight from Hong Kong, Pat commented on the fine weather as Lili gave him a I-told-you-so look. Hong Kong had been cold and windy in contrast to the semi-tropical warmth of the colourful modern city that overlooked the South China Sea.

Passing by Dadonghai beach they were dropped off at the Mandarin Oriental, one of the best on the island, which to Pat's regret resembled so many others he had seen elsewhere. After getting out of his city attire and leaving Lili to find her family, Pat set off to explore. It was a ten minute walk to the main beach in the centre of the bay where he saw a steady flow of expensive cars, some chauffeur driven, dropping guests and visitors at beach front hotels, which he figured catered for wealthy upper middle class Chinese tourists.

The sea front was lined with restaurants, their terraces prepared for diner, large round tables elegantly set out for groups of ten or twelve diners. He was surprised to see stages with musical instruments and microphones ready for an evening's entertainment at many of the restaurants

The idea that it resembled Biarritz or a Mediterranean beach resort on a bright summer's day struck him. It was stylish with crowds of well dressed tourists out for a late afternoon stroll. With few exceptions they were all Chinese and prosperous at that. It stood to reason, the resort was way beyond the means of ninety nine percent of all Chinese families, especially for the New Year Festival when traditionally prices went sky high.

His mobile buzzed. It was Lili. Glancing at his watch Pat turned back. They had a diner date at the hotel with Lili's cousins.

## THE FOUR HORSEMEN

In the early summer of 2013, Michael Fitzwilliams secretly met with a

group of lawyers, headed by James Herring, at the offices of a Luxembourg bank. Their task was to monitor the transfer in real time of nearly six billion dollars from a bank account owned by Rosneft, the state-owned Russian oil and gas company, to one owned by Sergei Tarasov, in payment for his twenty percent share in Yakutneft, one of Russia's major oil producers.

It was part of Vladimir Putin's plan to concentrate the control of the Russian oil and gas industry in the hands of the Kremlin and at the same time reduce the power of certain oligarchs in a vital industry, one that supplied the lifeblood of Russia.

Luxembourg, one of Europe's centres for offshore banking, had been selected as a neutral location where the electronic transfer of funds into an escrow account could be verified in real time.

The transaction was a follow-on of a deal made three months earlier with four other oligarchs: Fridman, Vekselberg, Blavatnik and Khan, in which Rosneft acquired their fifty percent holding in TNK-BP for twenty eight billion dollars. The timing could not have been better for the oligarchs as the price of oil approached the one hundred dollar mark.

The story began in 1995 and 1996, when Russia found itself in dire economic straits and many large state-owned industrial businesses were privatized in a 'Loans for shares' programme in which the shares of major state owned enterprises were offered as guarantees.

The sales were carried out in public auctions organised by Russian banks during which bidding was rigged in favour of the banks and business controlled by powerful men with strong political connections.

These were members of Russia's post-Communist nouveaux-riches who had appeared in the late eighties, making their fortunes in banking and commodity exports as Mikhail Gorbachev pursued his policy of perestroika. In this way state enterprises fell into the hands of these influential men, soon known as oligarchs, at prices far below than their real market value. These oligarchs held immense power and dominated the Russian business and political scene until the arrival of Vladimir Putin.

The most conspicuous example was that of Mikhail Khodorkovsky, who grabbed control of Yukos, a company created in 1993, when the Russian government of the time ordered the break up of the oil and gas industry for privatisation. Khodorkovsky, then only thirty two years old, acquired through his bank, Menatep, nearly eighty percent of the ownership in Yukos in 1995, then worth an estimated five billion dollars, for a mere

three hundred million.

Another was that of Sibneft, acquired by Boris Berezovsky, for about one hundred million dollars, when its real value was estimated at three billion.

As Khodorkovsky himself explained: 'In those days everyone in Russia was engaged in the primary accumulation of capital. Even when laws existed, they were not very rigorously followed. Therefore, if you conducted yourself too much in a Western manner, you were simply torn to pieces and forgotten.'

In a similar manner Sergei Tarasov, through loans put together by InterBank, acquired together with Aquitania, a controlling share of Yakutneft, a major East Siberian producer of oil and gas.

When Vladimir Putin came to power in 1999, almost all of the country's oil production lay in private hands. In the eight years since the dissolution of the Soviet Union the country's energy sector had been sold off at knockdown prices to a handful of oligarchs.

Putin's plan was to rebuild Russia into a powerful state, an ambition impossible to realize while the country was run by a gang of oligarchs that pulled the Kremlin's strings. At the end of 2000, the newly elected president commenced by issuing a warning to the oligarchs: Stay out of politics and business is yours.

It was his first move to stabilise the nation and end the Robber Barons' reign of anarchy by retaking control of Russia's vital raw material resources.

His plan included new investment in the energy industry bringing new oil and gas fields in eastern Siberia into production and in February 2003, and under his impulsion a group of oligarchs joined with British oil company BP to form TNK-BP, a fifty-fifty joint venture formed to develop resources in the region.

However, soon after that deal, Mikhail Khodorkovsky, the CEO of Yukos Oil, the country's richest man, publicly criticized Putin for the state owned oil company Rosneft's opaque dealings, worse still, he openly displayed his personal political ambitions by funding the opposition.

Khodorkovsky was arrested on charges of fraud and tax evasion said to total twenty seven billion dollars. His assets, principally Yukos Oil, were seized and its different divisions were auctioned off in a forced sale to a front company owned by Rosneft, and the hapless Khodorkovsky sentenced to eight years in a Siberian prison.



Then trouble between BP and its partners in TNK-BP, who considered that BP treated TNK-BP as a foreign subsidiary, investing rather than paying better dividends. The result was BP decided to cut its losses and sell its stake in the joint venture to Rosneft, which borrowed forty billion dollars in cash from a group of leading international banks; one of which was INI Moscow, for the acquisition.

Rosneft, thus became one of Russia's largest oil companies, acquiring TNK-BP in a transaction worth fifty five billion dollars, where BP for its fifty percent received twenty percent of Rosneft shares plus more than twelve billion dollars in cash. The other fifty percent owned by the oligarchs: Mikhail Fridman, German Khan, Viktor Vekselberg and Len Blavatnik was acquired for near twenty eight billion in cash in a cloak and dagger deal that took place in Frankfurt in March 2013, where the sellers were able to verify the transfer of cash and stock certificates into an escrow account they controlled.

INI's problems started a little more than a year later, in the wake of Putin's invasion of Crimea. The billions of foreign currency-denominated loans accorded to Rosneft and Gazprom, due by at the end of 2014, could not be rolled-over due to the sanctions imposed by the US and EU.

## **Chapter 4**

### **RUSSIANS**

Tarasov's compatriots hid their hot money in the Mediterranean: in Cyprus, Malta and of course Israel where more than one million Russian Jews lived. And as always the flow of hot money had ended up burning the fingers of the imprudent.

Such small countries had been conveniently near offshore banking havens for many Russians. Before the crash it was estimated that more than a half of all bank deposits in Cyprus were Russian. Those claiming Jewish origin banked their money in Israel, taking advantage of dual or multiple nationality status. With Israeli citizenship they had freedom to travel to the EU and North America without visas.

Switzerland had been a privileged shelter for the rich and wealthy, especially Russians and the like, who feared the unpredictability of their

own governments, however, since Swiss banks had come under US scrutiny for tax evasion and money laundering, the rich had been forced to seek alternative safe havens to hide their money.

With Western sanctions, the pressure to seek alternative shelters where few questions also increased. One of them was Panama, which offered citizenship and passports in return for investment, an attractive destination for those oligarchs, businessmen and Mafiyosa, who forewarned of the problems confronting Cypriot banks had transferred their money to the Caribbean.

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That Russian gas was sold to Europe at four times the going price in the US gave Tarasov and his partners a licence to print money. They together with INI raked in vast profits from the Russian companies they had invested in. There was, however, a catch: eighty-percent of Russian gas exports to Europe flowed through a network pipelines that criss-crossed the Ukraine, where the risk of conflict grew as relations with Moscow progressively deteriorated.

If gas supplies to Western Europe were cut, the EU would be deprived of a large and vital part of its energy, and the damage, at least in the short term, would be more painful than the effects of post-Lehman economic crisis, closer to that of the oil embargo of the early seventies during the Yom Kippur War, when the Organization of Arab Petroleum Exporting Countries came close to paralysing Western Europe's economy.

INI, not wanting to put all its eggs in the same basket, had together with Gazprom, invested in the development of the newly discovered Aphrodite and Leviathan gas fields off the coast of Cyprus, a miraculous find with reserves worth hundreds of billions dollars. Regretfully, that would not happen overnight and Gazprom's most immediate task was to combat accusations that Russian producers were manipulating prices in the European gas market.

\*

Many rich Russians were drawn to London, as were the ultra rich wherever they came from. The City was the world's most international of financial hubs, situated in a strategic time zone, in a capital filled with history and an exceptional cultural heritage, where the quality of life in a vibrant, multi-cultural society was appreciated by the newcomers.

From Guthrie Plimpton's point of view, London was an extraordinary source of profit for its high class real estate business. The capital was the

home to fifty odd billionaires and more than four thousand multi-millionaires whose wealth was counted in the tens of millions and that was without counting a vast number of comfortably wealthy individuals who owned prime residential property in and around London.

Jonathan Plimpton, the firm's head and surviving partner of the two founders, published a confidential report each year distributed to a selected number of high worth individuals, identified as potential buyers of prime property. These were divided in two segments: first were the billionaires, some of whom were public figures possessing their own sources of information; the second were those significantly rich individuals whose wealth exceeded one hundred million dollars, the latter were more difficult to identify, much more discrete and generally unknown to the public.

In the not too distant past such high worth individuals were for the most part Americans and Europeans, but since the beginning of the new millennium large numbers of nouveaux-riches from Asia, the Middle East and South America had joined the club. Amongst them were the Chinese with fourteen thousand multi-millionaires, whose fortunes had been made mostly by their hard work over the course of a couple of short decades.

Plimpton's had accumulated detailed information on a certain number of these high wealth individuals via INI's investment arm, while the Russians were identified thanks to Tarasov's services. However, the Chinese had remained elusive at least until Angus MacPherson came onboard and Pat Kennedy had opened a new path thanks to his connection with the Wu family.

Jonathan Plimpton's relationship with Fitzwilliams went back to the Emerald Pool development in Dominica in 2006. Malcolm Smeaton had financed the project through the Irish Netherlands and Plimpton had managed the marketing. An attractive venture, that was until the real estate market was hit by the crisis that broke in early 2008, the climax of which was the Lehman Brothers collapse.

In the ensuing rout real estate developers dropped like flies and Plimpton was not spared. Unable to raise the cash necessary to ward off collapse he appealed to Fitzwilliams, who came up with a sizeable cash injection in exchange for a large minority interest in the real estate firm.

Both gained from the new situation: Plimpton, a credible source of finance for his clients; and Fitzwilliams, a foot into the real estate market which he calculated would serve him well when the time came.

And come it did. Soon the rich were giving credence to the idea London's

streets were paved with gold, and they really were, for that happy band of course. It was a city where wealth, finance and politics joined together to create an extraordinary market for prime residential and commercial property.

London was a city that exuded wealth. It was built on plutonomy, where the rich, unscathed by the turbulence of the crisis, dominated the plebeian masses: their servitors. Where fortunes were accumulated almost overnight to the detriment of Britain's hard hit middle classes. Amongst the happy winners was Britain's former prime minister, Tony Blair, who according to some had simply collected his due for services rendered.

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Over the course of what was an astonishingly brief period of time, the centre of gravity of the world's economy had inexorably moved eastwards; it was nothing less than a seismic shift. What would happen to London and New York as cities like Moscow and Bangkok grew and prospered?

For Tom Barton it was a no-brainer: very few rich would want to pass their lives in such cities; business was one thing, but security and comfort came first. Few were attracted by the sweltering heat of South East Asia, or the glacial winters of Moscow, not to speak of insecurity: be it financial, political or criminal related. London, Paris or New York would be hard to beat, perhaps Berlin or Vienna, but the idea of Beijing or Hong Kong was illusory, for the Chinese it was fine, but the past had shown the British Empire's administrators or creators of wealth rarely ended their days surrounded by the thronging crowds of Asia, unless by an untimely sickly or bloody end.

Barton did not believe rich foreigners would swarm to Stockholm or Oslo, though Zurich held a certain charm, as for Toronto or Tokyo they attracted specific kinds of people: in search of a new life in the case of the former, or very specific business opportunities for the latter. As for Beijing, Shanghai or Singapore, over the long term they were for Chinese, as Moscow was for Russians. To his mind it would remain so unless there some dramatic and unforeseen event occurred.

A safe haven was above all a place where the nouveaux-riches could be assured of the safety of their recently acquired wealth, and very naturally, their own well-being and that of their families. London offered all that and more; barring a revolution nothing was about to change there.

There was of course another advantage: the English language, a national treasure, the magic key to global communication. With whom could one

Speak Chinese, who would want to learn Arabic, Russian or even the language of Goethe? Some learnt French, a culturally desirable language, but it was not the language of business or finance, though Paris, Monaco and certain towns like Biarritz and Monte-Carlo - an hour's flight from London, offered highly desirable life styles and places of residence for the rich. Others liked the idea of owning a Bordeaux wine producing château and why not a place in the French Alps for skiing?

\*

Plimpton saw a steady influx of Chinese and Russian buyers interested in acquiring properties that could provide a home for their children pursuing their education in the UK, a pied-à-terre, an investment, or a refuge in the case things went wrong at home. The latter was driven by a growing feeling of angst with the fall in Chinese residential property values and the sudden deflation of the stock market bubble. Russians were more familiar with angst than the Chinese, after the desolate period of Soviet decline and disintegration, and the more recent turbulence and uncertainty of transition, which still loomed large in their collective memory.

But the Chinese experience had been equally dramatic. As Stalin imposed his satanic rule in Soviet Russia, Mao's Revolutionary Red Army fought their way to victory. The older generation of Chinese, like Lao Wu, had grown up under Mao and suffered the worst of his catastrophic experiments. His grandparents had witnessed the fall of the Qing Dynasty and the birth of the Chinese Republic. His parents, the Japanese occupation and civil war. As to Wu himself, he was born as Mao celebrated victory and the Communist Revolution triumphed.

Who, during the hunger of the Great Leap Forward and the madness Cultural Revolution, could have ever imagined the emergence of modern capitalist China?

The changes that had ushered in the twenty first century should have sent Mao spinning in his stone mausoleum as China became a hive of capitalism, where even the very modest dreamed of wealth and fortune, in a society where the Great Helmsman's granddaughter was ranked amongst China's very rich: her personal wealth estimated at eight hundred million dollars. So much for the dreams of Communism.

A century of revolution, war, occupation and tyranny had left its mark on the souls of Russians and Chinese alike. It would, however, have been a mistake to think that the Chinese or other foreigners who bought almost half of London's prime properties were billionaires, far from it, most were

relatively modest buyers - compared to the very rich. They sought a safe investment in residential property: a hedge in the case things took a turn for the worst in their home country; a turn of the screw, as often often happened ... and with depressing regularity.

What was certain, cities such as London, Paris or New York would remain the most attractive places to invest for the foreseeable near future. Cities like Singapore were perhaps fine, but such were not global cities, perhaps interesting for a short term of expatriation, or for those who found living in a permanently air-conditioned environment appealing. Tom Barton, who had made the experience in Bangkok six or seven years earlier, was not one of them.

## FLASHPOINT

Fitzwilliams fears were soon transformed into reality. March 18, Putin's troops marched into Sevastopol. Until that moment Russia and Russians had been basking in a glow of national pride: the Sochi Winter Olympics. The lucky ones had been oblivious to the pending crisis as they headed for ski slopes or tropical beaches, at home workers enjoyed full employment, banks loaned money for homes and automobiles, and industries were investing. However, Russia's economy had already been slowing down, though the signs were not yet visible as Urals oil still hovered at around one hundred and twenty dollars a barrel.

At what precise moment had things come undone? The story was summed up in *Der Spiegel*, in a report dated November 14, 'How the EU Lost Russia over Ukraine':

Brussels, Office of the Enlargement Commissioner

Oct. 17, 2013

Ukraine was facing insolvency while, at the same time, Russia was busy heaping pressure on Kiev. Although Russian sanctions had long since indicated otherwise, Berlin and Brussels were not taking Ukrainian concerns, and the country's fear of Russia, seriously. The Ukrainians, they seemed to think, were simply interested in driving up the price for their ultimate signature.

Shortly after his visit to the IMF, Arbutov headed for Brussels to present Enlargement Commissioner Füle with the numbers calculated by the German advisory group. He believed that the numbers spoke for themselves, but Füle didn't take them seriously. "Did you also request calculations," he asked smugly, 'about what would happen to the Ukrainian economy in the case of a meteorite

strike?'

Berlin, Foreign Ministry  
Oct. 17, 2013

Ukraine's ambassador in Brussels, Konstantin Yeliseyev, embarked on a 'special mission' through the EU to what the Ukrainians referred to among themselves as "the problematic capitals." Given the acute situation, he wanted to persuade the Europeans to abandon their demands for Tymoshenko's release.

Yeliseyev's tour took him to The Hague, Copenhagen, Rome, Madrid, Paris and London. But his final and most challenging stop was Berlin. First, Yeliseyev met with Merkel's foreign policy advisor Christoph Heusgen before heading to the Foreign Ministry for a meeting with State Secretary Emily Haber.

Haber in particular demonstrated little enthusiasm for a compromise. When the ambassador sought to explain the Ukrainian position, Haber interrupted him saying: 'Your Excellency, we are familiar with all of your arguments,' adding that it was not necessary to discuss them for as long as Tymoshenko remained behind bars. Yeliseyev pleaded with Haber to abandon her focus on Tymoshenko, but to no avail.

The closer the summit approached, the greater the EU pressure became on the Germans to cease focusing so much attention on the case of Yulia Tymoshenko. The Poles in particular insisted that the issue could not be allowed to torpedo the association agreement. Behind closed doors, President Bronislaw Komorowski said: 'Never again do we want to have a common border with Russia.' And Germany began to revisit its position as a result, but it was much too late.

Merkel has often been praised for her pragmatism, particularly when it comes to foreign policy. The chancellor's ability to reduce a political problem to its single soluble element and then to focus all her energies on that element is considered to be one of her great strengths. But her pragmatism reached its limits in this case. Focusing too intently on the trees blinds one to the forest, and that proved to be Merkel's decisive error. As Berlin continued to focus its efforts on Tymoshenko, it failed to recognize the real danger: The Russian Federation's power play.

Moscow, Military Airport  
Nov. 9, 2013

It doesn't happen often that Vladimir Putin attends a meeting at a site other than the Kremlin or his residence on the outskirts of Moscow. But on that Saturday evening in October, he unexpectedly agreed to a confidential tête-à-tête at the military airport not far from the Russian capital. His interlocutor? Viktor Yanukovych.

It was the second conversation between the two presidents within the space of just a few weeks, with the first having taken place on Oct. 27 in the Black Sea resort of Sochi.

Putin had nothing but disdain for Yanukovych, loathing the Ukrainian leader's constant wavering. In the past, he had often left Yanukovych waiting for hours like a supplicant and the Kremlin was convinced of Yanukovych's unreliability. Though the man from eastern Ukraine was much less pro-European than his predecessor, he had continued to stubbornly resist requests from Moscow. Ever since Putin came to realize that Yanukovych was in fact considering signing the EU association agreement, he had been regularly sending Sergey Glazyev to Ukraine to lay out the possible Russian response. Glazyev, Putin's advisor on economic integration in the post-Soviet regions, had been born in Ukraine. But he dutifully issued Russian threats to eliminate benefits and spoke at length of the potentially negative consequences for Ukraine. 'The association agreement is suicide for Ukraine,' he said. In October, Glazyev visited Yanukovych three times, on one occasion bringing along a Russian translation of the thousand-page draft association agreement because the EU had only sent an English version of it to Kiev.

During Putin's meetings with Yanukovych in Sochi and Moscow, Putin promised subsidies and economic benefits worth around \$12 billion annually, including discounted prices for oil and natural gas. Conversely, he also threatened to launch a trade war that would drive an already fragile Ukrainian economy to ruin. Experts in Brussels also believe that he may have told Yanukovych what Moscow knew about his dealings with the EU. In Russian, such information is known as 'Kompromat', a word that comes out of KGB jargon and refers to compromising details known about a leading figure.

Following these meetings, Yanukovych's mood changed markedly. He became quieter and ceased holding the endless monologues for which he had become notorious. 'Viktor, what's wrong,' his Brussels partners would ask. But he evaded such questions, instead speaking in insinuations and innuendos. He proved unwilling to say much about the Russians.

Berlin, the Bundestag Federal Parliament  
Nov. 18, 2013

Ten days prior to her trip to Vilnius, Merkel delivered a government statement focused on the approaching summit. 'The countries must decide themselves on their future direction,' Merkel said, adding that she had 'raised this issue many times' with Vladimir Putin. But reality looked different, with Kiev having long since ceased to be able to make decisions independently of Moscow. Merkel, though, continued to focus on the symbolism of Tymoshenko case and on 'democracy, the rule of law and civil liberties.'

Washington DC, IMF Headquarters  
Nov. 19, 2013

The IMF finally got around to composing a reply to Arbuzov, Ukraine's first deputy



prime minister, in response to the Ukrainian proposal that Arbuzov had delivered a month earlier.

It was written by Reza Moghadam, a native of western Iran who had been with the IMF for 21 years. The director of IMF's European Department, Moghadam had plenty of experience with countries that believed they could engage in marketplace-style bartering with the IMF.

'Dear Mr. Arbuzov,' Moghadam wrote with barely disguised condescension, 'thank you for sharing with us the Ukrainian authorities' latest proposals for policies that could be supported by a possible Stand-By Arrangement with the IMF.' The fund, he wrote dismissively, was pleased that the Ukrainian government had recognized the need for a change in course. But Moghadam required just a single sentence to dismantle Kiev's counterproposal. 'In our view, overall the proposals still fall short of the decisive and comprehensive policy turnaround that is needed to reduce Ukraine's macroeconomic imbalances,' he wrote.

Kiev, Presidential Palace  
Nov. 19, 2013

At Barroso's behest, Füle travelled to Kiev once again to meet with Yanukovych and the Ukrainian president got straight to the point. In talks with Putin, Yanukovych told Füle, the Russian president explained just how deeply the Russian and Ukrainian economies are interconnected. 'I was really surprised to learn about it,' Yanukovych said.

Füle couldn't believe what he was being told. 'But Mr. President, you have been governor, you have been prime minister, you have been president for a number of years now. Certainly you are the last person who needs to be told about the level of cooperation, interconnection and interdependence of the Ukrainian and Russian economies. Needless to say, the association agreement does not have any negative impact on that,' Füle said.

'But there are the costs that our experts have calculated,' Yanukovych replied. 'What experts?' Füle demanded to know. The Ukrainian president described to his bewildered guest the size of the losses allegedly threatening Ukraine should it sign the agreement with the EU.

Later, the number \$160 billion found its way into the press, more than 50 times greater than the \$3 billion calculated by the German advisory group. The total came from a study conducted by the Institute for Economics and Forecasting at the National Academy of Sciences of Ukraine and it was a number that Yanukovych would refer to from then on.

'Stefan, if we sign, will you help us?' Yanukovych asked. Füle was speechless. 'Sorry, we aren't the IMF. Where do these numbers come from?' he finally demanded. 'I am hearing them for the first time.' They are secret numbers, Yanukovych replied. 'Can you imagine what would happen if our people were to learn of these numbers, were they to find out what convergence with the EU would cost our country?'

Brussels, Residence of the Ukrainian Ambassador to the EU  
Nov. 19, 2013, 10:15 pm

Konstantin Yeliseyev withdrew to his residence to watch Ukraine play France in the second leg of their qualifying battle for the World Cup in Brazil. Ukraine had won the first leg 2:0 in Kiev and now it was Paris' turn to host. It was the 75th minute, just after France had scored to go up 3:0, when Yeliseyev's mobile phone rang. An enraged Füle was on the line, having just left his meeting with Yanukovych. 'Listen,' he said to Yeliseyev, 'I now have the feeling that you aren't going to sign the association agreement in Vilnius.'

Paris, Stade de France, VIP Seats  
Nov. 19, 2013, 10:45 pm

The game had come to end with a French victory, meaning Ukraine would not be heading to Brazil. Pinchuk, the Ukrainian oligarch, was standing in the VIP section of the stadium not far from French President François Hollande when his telephone rang. It was Aleksander Kwasniewski, the former president of Poland. Kwasniewski had also just come from a meeting with Yanukovych in Kiev's presidential palace and he too was furious. 'He tricked us!' Kwasniewski shouted into the phone. 'Yanukovych isn't going to sign. He is a swindler, a notorious liar!'

Kiev, Deputy Prime Minister's Residence  
Nov. 20, 2013

Deputy Prime Minister Arbuzov and his advisors were examining the letter from the IMF, unaware for the moment that negotiations were headed toward failure. Inside the government in Kiev, Arbuzov had spent months promoting Europe against the pro-Russian faction surrounding Prime Minister Mykola Azarov and now he looked like a fool. Every sentence he read sounded like a personal indignity. The IMF European Department director hadn't even addressed Ukraine's deputy prime minister with his correct title. Arbuzov was fully aware that his opponents would jump all over him at the next cabinet meeting.

Kiev, On the Way To the Airport  
Nov. 21, 2013

Yanukovych was on the way to the government terminal of Kiev's Boryspil International Airport ahead of a state visit to Vienna when he finally found the time to deal with legal ordinance Nr. 905-r. The ordinance contained instructions to his government to cease working towards the association agreement with the EU for 'reasons of Ukrainian national security.' Andriy Klyuyev, secretary of Ukraine's national security council, was sitting next to him in the government Mercedes. Yanukovych undertook a few minor changes to the ordinance focused on his wish to establish a trilateral commission made up of representatives from Ukraine, Russia and the EU to determine the economic damages an EU association

agreement might cause. At the airport, he handed the document to Klyuyev, ordering him to hurry back to the cabinet to change the day's agenda. It would spell the end of the negotiations aimed at signing an EU association agreement in Vilnius. It would be the final rebuff of the EU.

Vienna, Presidential Suite in Hotel Sacher

Nov. 21, 2013, 7:30 pm

Yanukovych was sitting at a Rococo table waiting for the glasses to be filled. 'Mr. President,' Yanukovych said, 'I am grateful that you took the time. I didn't want to tell you about what happened today in passing.'

The president he was speaking to was Heinz Fischer, Austria's head of state. Fischer was still reeling from an incident that had taken place a few hours earlier, when the two were sitting across from one another at lunch in the Hofburg, the president's official residence and one-time home of Austro-Hungarian royalty. They had just been served coffee with their dessert when each was simultaneously handed a slip of paper by their aides. Fischer's slip read: 'Ukraine stops preparations for agreement with the EU.' It was a news alert from the Austrian news agency APA.

Fischer was genuinely flabbergasted; the news invalidated everything they had been discussing up to that point. He leaned over to Yanukovych and said: 'Now I really don't know what is going on anymore. Has this happened with your knowledge?'

'It was an unavoidable decision,' Yanukovych said later that evening in the Sacher Hotel. The two of them were now alone with an interpreter in the best suite that the Austrian president's office had been able to book that afternoon on such short notice. It was a last, desperate effort to establish a sense of proximity that had long since vanished.

'Please understand me. I simply can't sign it now,' Yanukovych said. 'I had to urgently turn towards Moscow, but I want to keep the doors to Europe open. Please don't see this as a rejection of Europe.'

The two presidents spoke until just before midnight, with Yanukovych doing most of the talking in the over four-hour-long meeting. An official notice on the meeting compiled later by Fischer's office mentioned the verbose explanations offered by Yanukovych: 'His remarks were repeatedly complemented or interrupted by very long and elaborate comments on the historical and political developments of the last 20 years,' the note read.

Vilnius, European Union Representation

Nov. 28, 2013, Midday

For a brief moment, Serhiy Arbuzov thought there might still be hope. Yanukovych's negotiator had headed to Lithuania's EU representation to launch one last attempt to reach agreement with Füle and his aides. 'Today, we are going to make a bold chess move,' one of Füle's people said, refusing to elaborate. Were the Europeans going to offer Ukraine financial assistance after

all?

Vilnius, Kempinski Hotel

Nov. 28, 2013, 6:30 pm to 8:30 pm

They were all waiting for Yanukovych. It was the last chance they had to meet with the Ukrainian president to try and convince him to sign the agreement despite all that had happened. Though it was essentially a hopeless attempt, Barroso and European Council President Van Rompuy had resolved to try the impossible. Van Rompuy had brought two copies of the association agreement with him to Vilnius, ready to be signed.

After a few minutes, Yanukovych showed up with his interpreter, the Ukrainian ambassador to the EU and a handful of aides. That was unusual; in the past, Yanukovych had always conducted the most important talks on his own. The greeting was brief and the roles were reversed. This time around it was the EU that wanted something: Yanukovych's signature.

Barroso was visibly nervous. Ukraine's economy, he said, would profit considerably in the long term from closer ties with the EU. 'Poland and Ukraine had roughly the same gross domestic product when the Berlin Wall fell. Now, Poland's is roughly three times as large,' he said. And then came the 'bold chess move' that had previously been hinted at. Barroso said that Brussels would be willing to abandon its demand that Tymoshenko be released.

Yanukovych was dumbfounded. Didn't Brussels understand that other issues had long since become more important? The talks became heated and Van Rompuy, not exactly known for his quick temper, lost his cool. 'You are acting short-sightedly,' he growled at Yanukovych. 'Ukraine has been negotiating for seven years because it thought that it was advantageous. Why should that no longer be the case?'

Outside, the reception for the heads of state and government had long since gotten underway and EU negotiators understood that Yanukovych could no longer be budged. After two hours, Barroso said: 'We have to go.' He and Van Rompuy briefly shook Yanukovych's hand and shut the door behind them.

When the German delegation, under Merkel's leadership, met with Yanukovych the next morning for one final meeting, everything had already been decided. They exchanged their well-known positions one last time, but the meeting was nothing more than a farce. In one of the most important questions facing European foreign policy, Germany had failed.

Thus it was November 21, 2013, when the fuse was light, when Viktor Yanukovych, gave the green light to the legal ordinance that put an end to the association agreement with the EU, in favour of Moscow.

Some weeks later Yanukovych fled Kiev, stealing out through the back door of his sprawling estate on the outskirts of the Ukrainian capital, like a fugitive in the night, escaping mob justice by the skin of his teeth and a

sticky Ceaucscu-like end.

Putin's intervention in the Crimea earned him a positive eighty five percent rating in opinion polls. As for the economic debacle that followed there was a sheepish acceptance from the Russian public: clearly many had not forgotten the penalties for dissension in Soviet times.

## SOCHI

"Pat!"

"Hello Michael."

"How are things in Sochi?"

"Great," announced Pat enthusiastically.

"And Sergei?"

"We were at a diner with Vladimir."

"Is that so?" Fitzwilliams replied with an air of false bonhomie.

"Yesh," acknowledge Pat suspiciously. Knowing Fitzwilliams as well as he did he sensed the bankers mood.

"Isn't he worried about what's happening next door?"

"Next door?"

"Yes, next fuckin door in the Ukraine!"

"Sergei said it'll blow over in a few days," Pat replied defensively.

"Well I don't know if he's looking at the same news channel as me. This time it's dead Slavs, not Arabs."

"I haven't seen the news."

"That surprises me Pat, there's no connection in Sochi?"

There was silence at the other end of the line.

"Tell your friends it's getting out of hand, their bond markets are taking a beating and the rouble is in serious trouble!"

"It's extremists."

"I don't fuckin care who it is, all I know is it's looking bad for our Russian business!"

Pat said nothing.

"Look, speak to Sergei and try to find out what his luvvies think, then call me back."

"Yes Michael, I'll do that," agreed Pat crestfallen and wondering what luvvies were.

\*

It was true, things were not looking good. The crisis was ballooning out of control and the effects were spilling over into financial markets just as it seemed business was looking good and the worse of the financial crisis was. The German foreign minister called it a powder keg with the gravity of a Cold War style confrontation.

Putin's hard line in Syria had led to a disastrous stalemate and Russia could face huge losses in the case of a Ukrainian default. Of course Moscow held huge reserves, over five hundred billion dollars, though compared to their Georgian adventure in 2008, which had cost them two hundred billion, Ukraine represented a much greater risk.

John Francis watched Fitzwilliams talking to Kennedy on the phone. He said nothing though he felt Fitzwilliams was being overly harsh. The Machiavellian like manoeuvres on the global check-board made by Moscow or Washington were not of Kennedy's making.

Russia had become too reliant on energy exports and a geopolitical crisis was not good for business, especially as the US was quickly reaching self-reliance in oil and gas. Any further stress, especially in China, would be cause for concern with serious ramifications for the global economy.

The banker had reason to be concerned. Over the past five years INI had expanded into Russia and China, and their whole business could come tumbling down if the Chinese bubble suddenly burst, or if civil war broke out on Europe's own doorstep.

"Suddenly it seems flashpoints are sprouting up everywhere," moaned Fitzwilliams, "Egypt, Syria, Thailand, Venezuela, Turkey, Ukraine, Argentina.... Perhaps I'm just getting paranoid."

"I'm afraid it's always been like that Michael," Francis reminded him. "Hmm."

"A quick look at history," said Francis speaking of Russia, "shows the Slavic world to be a permanent story of war and strife."

Fitzwilliams opened the drinks cabinet and poured a good glass of Irish whisky, then zapped the TV to follow the unfolding drama in Kiev.

"Not all the new is bad," Fitzwilliams said, pointing to the breaking news that flashed by at the bottom of the screen, "England has won a bronze medal for kurling!"

"Apart from the humour Michael, I'd say Putin's sincerity is about as good as Kaiser Wilhelm's was in 1908."

“Oh?”

“He said: ‘You English, are mad, mad, mad as March hares. What has come over you that you are so completely given over to suspicions quite unworthy of a great nation? What more can I do than I have done? I declared with all the emphasis at my command, in my speech at Guildhall, that my heart is set upon peace, and that it is one of my dearest wishes to live on the best of terms with England. Have I ever been false to my word....’

“That about sums up Putin’s intentions.’

\*

The phone rang. It was Kennedy.

“Sergei said he’ll speak to you next week when he’s back in London,” Pat told the CEO hoping to mollify him. “Everything is under control.”

“I hope so. What about China then?”

“I don’t understand Michael,” replied Kennedy.

There was a three hour time difference with London which meant it was six in the evening in the City. Michael was still in his office and was obviously still very tense. Perhaps he was feeling peeved about having let Pat go in his place, though watching kurling or whatever and drinking Vodka wasn’t really his idea of fun or doing business.

“What I’m saying is China is not all that it seems. Perhaps we’re taking a big risk with all of those dodgy wealth management products floating around?”

“We’re not into that kind of stuff.”

“Maybe not, but perhaps our customers are with all that loose shadow banking stuff, not forgetting the Chinese dispute with Japan over those rocks.”

“Well, Lily’s father said ...”

“He’s Chinese Pat and defends their interests.”

Pat said nothing for a moment.

“If we’re objective there are risks everywhere. Europe, Russia, America, China, and what with Brexit even in the UK. It’s part of our business, it’s how we’ve grown over the last ten or more years.”

Fitzwilliams could not refute Kennedy’s words, but it could not stop his growing feeling of unease. There were too many examples of fast growth ending badly whenever risks were not carefully weighed.

## LONDON

A week later following the worst market fall since the height of the banking crisis, José Manuel Barroso called for urgent measures to reinforce the eurozone's bail-out mechanism. Markets continued their downward plunge with trading suspended on several European markets despite the efforts of Jean-Claude Trichet, President of the ECB.

Fitzwilliams concerns grew when like many other bankers he saw the shares of his bank come heavy pressure and hedge funds suffer heavy losses. A strange atmosphere reigned as the CEO gathered his men around him to discuss the growing crisis in the Ukraine and the implications it held for the bank.

The world was not unlike the summer of 1914 described by history books. Politicians ran from one meeting to another and declarations were made on the need for action, urgent decisions, but nothing seemed to happen as the world drifted towards some kind of disaster. Would the flame be ignited by Vladimir Putin, a systemic collapse of the financial system, or would Israel attack Iran?

In 1914, the enemy was clear - Kaiser Wilhelm II. But one hundred years later the dangers were multiple. The world of 2014 was of course different: it was one world where television was omnipresent and more than half the planet connected to Internet. The world was richer, even Africa, though many blight stricken corners of the planet still existed where human suffering was rampant.

It was difficult to imagine the consequences of an all out war in the Ukraine, or of a breakdown in the world's financial system. In the summer of 2014, Europeans sunned themselves on Mediterranean or Atlantic beaches, one year resembled another, unchanging, as comfort and normality was taken for granted. They saw no immediate threats to their general well-being. Donetsk, in the Ukraine, was in another world. Putin's claims and protestations incomprehensible. The dithering reaction of European leaders as weak as that of mid-twentieth century politicians in the face of tyrants' threats.

Syria's Assad massacred his fellow citizens and Gaddafi grimly hung onto his last remaining stronghold in Tripoli. The Arab Spring had turned to dust, as Bahrain, base of the American Fifth Fleet, settled into an uneasy calm with the ruling family tenaciously hanging on to power.

"It only needs one spark to set the whole of the Middle East on fire," said



Pat. "Imagine what it would do to the price of oil."

Fitzwilliams nodded.

"Gaddafi is still hanging on."

"Remember what Clausewitz wrote."

Pat looked puzzled as he wondered which bank Clausewitz was with.

"The only decisive victory is the last one."

"Hmm," mumbled Pat making a mental note to check that out.

As the risk of economic or confrontational turmoil continued to rumble in the background, Nicolas embraced Angela, Silvio reassured Zapetero, Obama called David on holiday in Tuscany.

London burned and Tom Barton wondered what would it take to tilt an already disastrous situation into a planetary catastrophe? Was he being paranoid when he imagined huge volcanic eruptions, earthquakes and tsunamis. But experience told him such threats were far from science fiction, huge active volcanoes rumbled in Iceland and in the Kamchatka Peninsula. An explosive eruption could change the climate or provoke earthquakes and tsunamis. Karakatoa in 1883 and more recent examples were ample evidence. The tsunami of 2004 which if had taken place off the coast of California would have been a catastrophically disruptive event for the US and perhaps the world economy.

The idea of retiring to some distant corner of the world far from wars and crisis was slowly but surely making ground in his mind. He was dogged by the images of weary refugees fleeing Russian mercenaries, or blood thirsty Salafists and their fanatical fighters pillaging high street shops and supermarkets.

He recalled the words written by St Augustine, one and a half millennium earlier, in his work *In the City of God*:

*How like kingdoms without justice are to robberies.*

*Justice being taken away, then, what are kingdoms but great robberies? For what are robberies themselves, but little kingdoms? The band itself is made up of men; it is ruled by the authority of a prince, it is knit together by the pact of the confederacy; the booty is divided by the law agreed on. If, by the admittance of abandoned men, this evil increases to such a degree that it holds places, fixes abodes, takes possession of cities, and subdues peoples, it assumes the more plainly the name of a kingdom, because the reality is now manifestly conferred on it, not by the removal of covetousness, but by the*

*addition of impunity.*

Barton was not becoming religious, but he was weary with the world and its never ending injustice. He had been lucky, born where he had been, he accumulated considerable wealth, but to what avail? His partner, Sophie Emerson, was more and more concentrated on her career as an architect in London and Biarritz. Was it his fault he asked himself. His life seemed to have become a senseless whirl, aimless, a mindless pursuit of more wealth.

## BATTERSEA

“Did you see that Fitz?”

“What?”

“Battersea Power Station Development has sold ninety five percent of its flats, over eight hundred.”

“So what,” snapped Fitzwilliams

“Remember what you said?” said Kennedy sniping at the CEO

“No.”

Of course Fitzwilliams forgot. It was one of opportunities he had missed, a miscalculation after the derelict power station’s past owner had been put into administration. In 2012, the site had been bought by a Malaysian consortium whose plan was to transform it into a vast residential real estate development. Off-plan sales were launched in May at a lavish marquee party where prospective buyers were serenaded by Elton John, which coincided with an acceleration of the UK economy, encouraging investors to pile-in, buying off-plan, snapping up hundreds units priced at up to three million pounds each in the first few days, and six million for a penthouse suite.

“They’re building the new American Embassy there.”

“Is that a fact,” the CEO replied, feigning disinterest. “When are you leaving for Shanghai?” he asked abruptly changing the subject.

\*

Once Pat settled into his first class seat on Airbus 380 for Hong Kong he flipped through the morning newspapers. The headlines screamed with delight, it was a field-day for the press, a bolt out of the blue, a huge shock, Dominique Strauss-Kahn, the head of the IMF, had been arrested in New York, accused of raping a maid in suite 2806 at the Sofitel Hotel. The maid,

a certain Miss Diallo, complained she had been groped by Strauss-Kahn, then, it was reported, Strauss-Kahn forced the thirty three year old Guinean into performing oral sex.

Pat Kennedy's Irish Catholic upbringing could not help but see the head of the IMF as a pervert, but it was not without seeing the victim as a kind of temptress. Kennedy's initial dismay at Strauss-Kahn's escapade soon turned to amusement. Pat was not naive; he was well-travelled and had himself indulged in opportunistic sex romps, but it seemed to him that the rich economist-politician had asked for trouble, and in New York above all places.

Pat had spent a year in Boston as a young man and was well aware of the ambiguities of American justice, especially when it concerned prominent political figures. Then there was of course the right to financial compensation, a process widely exploited by American lawyers, especially if the accused was wealthy.

The head of the IMF and favourite runner for the coming French presidential elections had in a single moment of carnal excitement ruined his career. The picture of him being led in chains to prison reminded Pat of his own frightening brush with the law more than a decade earlier. Good fortune had been on his side and he had got off with a very severe warning.

It would soon emerge that Strauss Kahn had a track record in doubtful sexual encounters. In Paris a young woman was to accuse him of sexual aggression, alleging he had lunged at her like a 'rutting chimpanzee' as he tried to rape her in a Paris apartment.

\*

Pat was pleased to see John Ennis again. Their first meeting went back to an art fair in Paris, it was when Pat had sought the advice of a specialist in Asian art after acquiring his Cheney Walk home in London. Together they had visited museums and art collections with Ennis enlightening him on the history of Asian art, followed by auction rooms where they bid for decorative collectables.

Ennis owned galleries in London, Paris and Zurich. More than ten years earlier his sensational discovery of the bones of the last known surviving Homo erectus, had made international news headlines. It happened during one of his expeditions to remote areas of Malaysian Sarawak, on the Island of Borneo, in search of tribal heirlooms.

The Hong Kong Fine Art Asia fair was a must for all lovers of collectible fine art. With the presence of museum-quality artworks spanning five

thousand years of history, from archaic Chinese bronzes to contemporary art, it was a venue that attracted dealers and buyers from the world over.

John Ennis was present amongst the ninety or so renowned international dealers presenting some of the finest examples of Asian and Western art, both ancient and modern. Pat's interest was in ancient Chinese bronzes, ceramics and works of art, which had grown after a guided tour by Lili of the Shanghai Museum's remarkable collection.

That morning he had met up with Ennis at the Peninsula Hotel and after a late breakfast they headed for Central on the Star Ferry. Pat, like his friend, never missed the opportunity to take a ride on the ferry, nothing pleased them more than the chance to mingle with the crowds of office workers and tourists during the ten minute trip across the harbour.

The contrast between China and the UK always came as a pleasant surprise on those fine Hong Kong days. The crowds, the movement, a sense of purpose. The economic climate that stifled the North Atlantic nations economies was depressing compared to the seemingly endless boom that China was thriving on. European and American growth had plunged to near zero whilst that of China hovered around ten percent, as it had done so for as many years he could remember. Of course China had started from zero, but that did not comfort Western leaders faced with the dilemma of paralysing stagnation and debt.

More than two-thirds of all global growth was expected to come from countries of the developing world, where demand was solid and was not dependant on recovery in the West. Ennis understood Pat's optimism, which his friend reminded him should be tempered by past experience, which had always demonstrated, however good the figures appeared to be, there were always unexpected dangers lurking in the shadows, ready to ensnare unwary and inexperienced investors.

At the ferry terminal in Central, Pat's driver was waiting to take them for the short ride to the Convention Centre and the sale preview. It was a spectacular modern building that over-looked the harbour which had played a central role in the 1997 hand-over ceremony ending more than a century and a half of British presence in China.

That evening Pat with Lili accompanied by John Ennis, arrived for the opening seance of Sotheby's annual Hong Kong sale at the Hong Kong Convention and Exhibition Centre situated on the North shore of the Island overlooking Victoria Harbour in Wanchai.

It was one of the high points of the former colony's art season.

## LIBYA

Libya had become a dysfunctional state. Before the demise of Muammar Gaddafi there had been order. Watching the smoke and ruins on the TV screen John Francis was reminded of the trip he had made to the country with friends from Trinity's department of classical history, soon after the enigmatic colonel had eased travel restrictions for Western visitors.

The news that NATO had refused to commit itself on the possibility of air strikes on Leptis Magna, if it was discovered military equipment had been hidden there, was yet another sign of increasing human folly to academics and archaeologists.

After visiting the stunningly beautiful ruins of the Roman theatre at Sabratha, perhaps the finest piece of extant Roman architecture Francis had ever seen, they had flown east to Cyrenaica where more marvels were to be discovered.

Their visit was a precursor to a new cooperation programme with Libyan archaeologists and researchers in the planning. It included a field trip to the Akakus Mountains in the south-west of the country where a number of prehistoric sites were being explored. Francis remembered their journey through the southern desert, their proximity to unspoilt nature, sleeping under the star filled sky in tiny one man tents, an unforgettable experience.

At that time the Gaddafi family reigned over the country with an iron fist, a situation that then seemed immutable. The 'mad colonel' could not have imagined that in so short a time he would meet a bloody end, surrounded by a throng of rebels in the dusty war torn market town of Sabha on the edge of the Sahara, with a bullet in his head.

Was Libya better off? Certainly not. Perhaps Nicolas Sarkozy's philosopher friend had been as crazy as Gaddafi. Bernard-Henri Levy, flaunting his bouffant hairstyle, a ridiculous French bobo intellectuel, had harangued rebels with a fiery oration from the top of a gun carrying pickup truck, camping a latter day Fidel Castro before fawning reporters of French television.

Unlike Castro he was a foreigner, and Jewish to boot, in an Arab Muslim country, without the means to back his inflammatory discourse. Tragically a worse fate than the self-proclaimed philosopher's harangue awaited the war torn factions of the benighted country. It was almost as if the eternal destiny of Bedouin tribes was internecine conflict: killing their leaders; and

replacing them by like tyrants.

The savage nature and beauty of the Libyan desert was highlighted one morning when Francis crept from his tent to find a suitable spot to relieve himself. Crouched between the rocks he overlooked a vast reg ? a rock strewn plain, unmarked by man, which faded into a purple haze, shrouding the distant mountains. A staggeringly breathtaking setting for an early morning shit.

Francis, who had seen the Himalayas, the wonders of the Serengeti, Pacific Islands, the Russian Steppe and the Andes, contemplated the scene in awe. It was an existential moment, the realisation of his own insignificance and of civilisation's fleeting existence.

Man had left few if any mark on the majestic scene. A million hues of ochre decorated the panorama before him and only the soft whisper of the morning wind fitfully interrupted the silence. The beauty of nature moved him to tears, more powerful than the legendary Mountains of Mourne at home in County Down, celebrated by the sad laments of his own tribe's tragic history.

Later that day, in the valley that lay below them, they collected stone tools left by passing hunters ten thousand or more years earlier. As far as the eye could see was a carpet of stone tools left by prehistoric hunter-gatherers of the Middle and Upper Pleistocene eras, who had shaped the landscape of the Messak Settafet escarpment.

As Francis held one of the smooth chocolate coloured stone tools in his hand; polished by time and the dust of the desert, he was moved by a deep sense of communion with the hunter, bridging the millennia that separated their different worlds. It was an epiphany, a moment of realization, a holistic vision, a flash of understanding. As William Burroughs, the American writer who had lived in Tangiers, crudely put it; 'a frozen moment when everyone sees what is at the end of the fork'.

Francis wondered about the meaning of life; earlier ways of life; past civilisations, the vestiges of which lay in ruins on the shores of the Mediterranean, more than one thousand kilometres to the north, the modern world, its obsession with money, religion, and senselessness killing.

## UKRAINE

Barton was not in the least surprised to learn Blair's strange spin doctor,

now a peer of the realm, was about to trade up to an eight million pound home in London. The lord had been a recent guest speaker at a conference organised by the Foundation for Effective Governance at the InterContinental Hotel in Kiev, invited by the Ukraine's richest man, the oligarch Rinat Akhmetov, partnered by the mouthpiece of capitalism: The Financial Times.

During his address in televised debate, the lord lavished praise on the host country: 'As a British and European politician, I have come to admire your country... Ukraine needs to be put on the map - where it is, its people, beauty and its landscape and coastline.'

The strange lord had been flown in on an all expenses paid trip for the event sponsored by the controversial oligarch. The costs paid for by a foundation set up and funded by Akhmetov, though the peer denied claims he had received a substantial fee.

Akhmetov, who had paid one hundred and thirty six million pounds for the UK's most expensive penthouse near Hyde Park, had been accused by his enemies of having underworld links. True or untrue, the question remained: Who had he robbed? For the average Londoner, struggling to find decent accommodation, the accusations did not come as a surprise, conjecture apart, how else could he have come by such a vast fortune in a poor strife torn country with few natural resources? Some suspected underworld links, others questionable business dealings, money laundering and dubious financial affairs.

The revelations concerning New Labour's fellow travellers no longer surprised. Whilst the British working man and his family continued to suffer from the policies implemented under New Labour, its former leaders and cohorts, profited from the generosity lavished on them by the super-rich who had been afforded help to become even richer during the so called socialists period in power. Its former leaders were invited to the tables of their benefactors and in return they lavished praise on countries of doubtful human rights, frequenting, all costs paid, post-Soviet robber barons, whose fortunes had been built on the industrial heritage stolen from their people.

Sudden wealth, secret loans, questionable friendships were of course all about 'people getting filthy rich'.

Barton had witnessed the lord's links to Russian oligarchs five years previously in the Aegean, since confirmed by his connections to Oleg Deripaska and others including Timur Kulibayev, the son-in-law Kazakhstan's President Nursultan Nazarbayev.

\*

The so-called miracle of the developing world was simply the last hurrah before the economic ice age. At least that's what the press liked to tell its readers from time to time. The doomsters had never gone away, and with the first signs of improvement visible, they were out in force.

It was said industrialised nations had exhausted easy to reach conventional resources, leaving China and India to scrape the bottom of the barrel, something that John Francis admitted was true, but at the same time telling those that cared to listen they should invest in innovative, new technologies and the development of new resources.

However, short-sighted politicians and conservative bankers were not reputed for promoting the unknown, that was the field of visionaries: men like Elon Musk, founder of Tesla Motors, who was not just any automobile builder. Musk believed the future of energy lay in renewable resources, not fossil fuels. With his Tesla lithium-ion batteries, electrical energy could be stored to power cars, homes, business, using sustainable and renewable energy sources such as solar power.

Tom Barton turned his attention to lithium, the largest of deposits of which lay in Chile, where the mineral was extracted from brine at the Atacama Salt Flat. Other South American countries including Argentina and Bolivia had significant exploitable resources, especially the latter at the Uyuni Salt Flat; the world's largest salt flat. However, hype apart, Barton targeted an American company for his investment: the Western Lithium Corporation in Nevada, which held the world's fifth largest lithium resource, for his investment portfolio. It was a logical supplier to the Tesla Gigafactory being built in the same state.

In 2010, of a total of more than eleven million cars were sold in the US, a mere two and a half percent were hybrid and just nineteen of which were fully electric. Three years later hybrid sales doubled and electric cars rocketed to nearly one hundred thousand. By 2020, Tesla planned to sell half a million fully electric vehicles each year.

That was however a drop in the ocean for eight billion consumers, many of whom would struggle to find the bare essentials, as fossil fuels, tropical forests, arable land, fisheries and fresh water resources were devoured at a frightening rate.

\*

"Look what your drunken friends have done now," yelled Fitzwilliams pointing at the BBC news flash on one of the multiple screens in his office



that provided him with a minute by minute account of market, business and world news.

Kennedy winced. Anything that went wrong in Russia, or China for that matter, was his fault. He had already received an Interfax news flash on his phone: the crash of a Malaysian jetliner in the Ukraine, just two days after the downing of a Ukrainian SU-25. If it turned out it had been hit by a pro-Russian rebel missile, as feared, then the consequences would be grave.

It would of course affect the bank's business if sanctions were reinforced. Since the first hint of trouble the previous October, when Victor Yanukovych, the ousted Ukrainian president had rejected EU overtures by signing a trade agreement with Russian, INI London had been reducing its engagements in Russian markets.

To Fitzwilliams regret, the bank had considerable investments in Russia, but most of its loans were through banking pools where its exposure was reduced. In any event these were insured. The real pain meant, apart from a catastrophic change in international relations, the disappearance of rich commissions on future business if Russia became a pariah state, which until this latest disaster had seemed a fairly distant threat.

Tough new sanctions would inevitably hit Putin's inner circle, which could in turn would affect Sergei Tarasov, Fitzwilliams' business partner, who like others of his class hoped Putin would tone down his belligerent rhetoric and seek a more accommodating partnership with the West.

Already, London based oligarchs were keeping their heads down, fearing for their business and Putin's wrath if it was suspected their loyalty to Mother Russia was in any doubt.

The Obama administration reacted by announcing an intensification of sanction against Russia, sending Michael Fitzwilliams into a panic. Stocks had already dropped on the Moscow exchange with the rouble coming under acute pressure following Moscow's failure to end the fighting in Ukraine.

The MICEX index fell over four percent as a disastrous week was made worst with the announcement Russia's oil giant Rosneft, along with Gazprombank OAO, the country's third-largest bank, would be barred from US capital markets.

\*

Russia was already suffering as it struggled, without success, to move away from its commodity based economy, almost entirely dependant on oil and gas exports together with a handful of basic minerals.

The prospect of another Cold War was daunting, given Fitzwilliams' investment in the Russian market. Unchecked deindustrialisation and demographic collapse was already gnawing at the foundations of Putin's Russia, and on top of that he was exacerbating the situation by stumbling blindly into a conflict with the West. Russia's dependence on foreign capital meant its economy would suffer for years to come, as it squandered its foreign reserves to pay off debts labelled in foreign currency.

And if that was not bad enough the situation was aggravated by the Fed's policy hints on money tightening, which was bound to come sooner or later, with serious implications for Russia, and the other BRICs, all of which had borrowed cheap dollars.

## WATERFORD – IRELAND

"John, thanks for coming down. Tom Barton will be joining us, he's flown in to Waterford, should be here anytime now. We'll be having lunch together on the boat, with a little cruise down to Dungarvan."

He saw a shadow of doubt on France's face and laughed, "Don't worry the weather is fine, the sea's as flat as a mill pond."

"Fine."

"I suppose you're wondering why I've asked you to come down," Fitzwilliams asked with a weak smile.

Francis shrugged.

"I hope I wasn't interrupting your vacation?"

"No, not all Michael."

"I wanted to talk to you well away from prying eyes and one never knows ... microphones and all that," he said seriously.

Francis was puzzled, but held back his curiosity.

At that moment a car pulled up on the quayside. It was Tom Barton who had been picked up at Waterford Airport by Fitzwilliams' chauffeur.

They waved and Barton looking bronzed waved back. He had been flown in on the company jet from Biarritz where he was holidaying.

After exchanging greetings the three men headed towards the sun deck where a table was laid out for lunch.

"We're lucky for a change, the weather is almost Mediterranean," said Fitzwilliams laughingly.

A waiter served drinks as the banker pointed out the local landmarks to

Barton.

“So, here’s to us.”

They raised their glasses, the two visitors looking at Fitzwilliams expectantly.

“Well I won’t keep you in suspense. The reason I’ve invited you both here is that I’m worried. Seriously worried. Our little meeting here is in the strictest confidentiality, which explains why we’re here on the Marie Gallant at Kilmore Quay.”

“I admit the boat is not very discrete,” he said with an apologetic smile as he nodded to the strollers on the quay, “but inquisitive journalists and the like will just see me on holiday with the family and friends cruising around the south coast.”

It was early August and Francis had been relaxing in his elegant eighteenth century home in Dún Laoghaire, a few kilometres to the south of Dublin, when, the previous day, he, like Tom Barton, had received a cryptic message from Fitzwilliams inviting him down to Wexford for the weekend.

Early that morning he had driven down to Wexford along the coast road from Dublin. Fitzwilliams was clearly anxious; something that John Francis had never seen before, at least not to the point where he seemed unsure of himself, as he obviously was now.

“I’m seriously concerned about what will happen if shooting starts.”

“Shooting?”

“The Russians.”

“I see.”

“We’re in deep. I mean very deep.”

Francis scrutinized Fitzwilliams, wondering if he was unwell, not entirely himself, perhaps a little paranoid. He had himself followed the events in the Ukraine and the crash of the Malaysian airliner, which was obviously worrying, however he did not consider it would cause more than a temporary crisis in the West’s relations with Moscow.

“Yes ... and the trouble is I don’t know to what extent the bank has been used to facilitate the affairs of certain unsavoury Russians, including our friend Putin and his cronies.”

“I see.”

“What I’d like you to do John, is imagine a worse case scenario and draw up a contingency plan.”

Francis was surprised as he obviously did not have all the information

Fitzwilliams possessed on the bank's dealings with its Russian partner.

"Tom could help you, discretely. He's familiar with our recent expansion."

"And Pat?"

"I'm not pointing at Pat, but he's always been a bit too close to Sergei. Anyway, this kind of strategy is not in his brief," he replied. Then adding as an afterthought, "at the moment he's too tied up in China ... and his wife."

Francis smiled. Pat Kennedy was still very enamoured with his new Chinese wife, who was very rich in her own right, at fact that seemed to peeve Fitzwilliams who had up until Pat's marriage with Lili always been his master and mentor. Pat was now slipping out of his control, independent, though under the influence of Lili, whom Fitzwilliams saw as Cixi, a young version of the Dowager Empress, manipulating the pliable Kennedy.

Francis had always suspected Fitzwilliams' relationship with Kennedy had been one of master and servant and since the start of the Ukrainian crisis, the banker had unjustly focused his growing ire on Kennedy. A situation which made Francis wonder whether Fitzwilliams was not right in himself, though there was little doubt the growing Russian conundrum was a source of serious worry for the man.

In the lead up to the events, Francis had to admit to himself he had become concerned Michael Fitzwilliams had bitten off too much. The bank's ambitious expansion into Russia and China had been too rapid and though Michael was solid, the conjuncture was such that even the strongest could bend under the burden.

All that aside, Francis in his role as Fitzwilliams' counsellor in matters of geopolitical strategy could not squirm out of the corner he now found himself in, which was essentially one of taking sides. On the one hand was his friend, the CEO, and on the other was Kennedy, with whom he had grown close, having shared numerous adventures in the course of their business relations.

There was little doubt the banker in his drive to develop the group had allowed his roving emissary too much freedom with the result Kennedy had become his own man, developing his own ambitions. As head of the banker's think tank, the responsibility and loyalty of Francis was towards Fitzwilliams, whose empire was in danger, and this was an unequivocal call for help.

"I want us to be prepared in the case that things go wrong."

Francis nodded, wondering to himself what precisely he had in mind.

“So let’s enjoy the fine weather while you’re both here,” Fitzwilliam said leaning back, waving to the sea and the sky as the Marie Gallant II slipped out of the small harbour, admired by the summer strollers visiting the picturesque fishing port.

“Here’s to us.”

They lifted their glasses.

“As I see it John,” said Fitzwilliams in a pensive tone, “Putin is at the source of all these problems.”

“Well Michael, it would perhaps be best if you didn’t voice your opinions about Putin too loudly.”

“Oh! Why?” said Fitzwilliams suddenly alert.

“It’s very simple Michael, he’s probably one of your most important individual clients.”

“What!”

“Remember, Vladimir Vladimirovich is one of the world’s richest men and your associate Sergei one of his friends.”

“So?”

“Well, there’s little doubt that Sergei has channelled part of Putin’s fortune through your bank to one of your favourite safe havens.”

Fitzwilliams stalled, a sheepish look on his face, it was not often someone cornered him.

“No doubt, but it doesn’t make me happy.”

“Happy? Maybe not happy, but responsible, yes.”

“His fortune is estimated at between forty and seventy billion dollars, perhaps even more, estimations are wild. And even if it is exaggerated he certainly outranks any other of the world’s politicians and most business leaders.”

“Corruption,” said Fitzwilliams weakly, as though he felt uneasy using the word.

“Sorry to say it Michael, but money overrides everything. The major oil companies are mostly pressing ahead with their plans in Russia in spite of threats and sanctions. Look at Aquitania, they have begun drilling in Russia’s Arctic with Rosneft, even though Rosneft is on the sanctions list.”

“We’ve got a lot of money tied into oil in Russia.”

“Well companies like Aquitania must be doing a lot of soul-searching now,

we're all getting drawn deeper into the Russian quagmire."

"According to what I've heard," said Barton, "it's not only the political risk, some people are wondering if they'll ever make money in their Arctic regions. The cost of getting oil out of the ground is too high."

"Yes and no. Most of Putin's wealth comes in the form of his holdings, like Surgutneftegaz and Gazprom. He controls around forty percent of the shares in the oil and gas company Surgutneftegaz, five percent stake in Gazprom, the largest energy company in the world, and fifty percent of Gunvor, that's a Swiss based trading company that trades oil worth one hundred billion dollars a year."

"Well, he's lost a few billion in the last couple of months," said Barton. "The Micex has gone through the floor."

Francis laughed.

"Maybe he only declares a salary of a couple of hundred thousand dollars and a very ordinary Moscow apartment, not forgetting a Lada for getting around when he's not racing through the streets with sirens at full belt and flashing blue lights. But he is a modern day autocrat with as much power as a tyrant."

Fitzwilliams nodded ruefully. "And I got into bed with him."

"You heard what Putin said about press reports on his fortune?" asked Barton, "Gossip, nonsense, nothing worth talking about, picked out of someone's nose by journalists and smeared on their little papers."

"Our Russian friend has delightful repartee," said Fitzwilliams with a derisive snort.

"Like it or not he owns Russia. Anything he desires he can have with a snap of his fingers."

"His cronies will give him anything he wants."

"Is there no opposition?"

"Of course there is, but it's a dangerous business."

"He's not invulnerable, if he miscalculates the whole thing could come tumbling down and the long knives would wreak havoc. That's why he has to have a nest egg somewhere."

"It didn't do Gaddafi or Saddam much good."

"He still young man ... relatively speaking," said Barton. "That's why he needs to consolidate his and his friends wealth, in case the people turn nasty."

"If he makes a mistake and the economy is hard hit, it would not be a

workers' revolution," Francis told them, "it would come from the new business and middle classes who have grown used to their privileges. Little remains of Russia's industrial might and the proletariat as such no longer exists."

"Well that's another story, the question is what do we do to pre-empt the negative effects this could have on the bank if things get worse?"

The Russian empire had shrunk, its economy commodity based, its manpower in decline, and its borders potentially difficult to defend in East Asia. Rushing into the arms of a mighty China could prove disastrous as the Middle Kingdom held not only a number of old grudges against Moscow, but also a long list of territorial claims à la Crimea. China's claims in the South China Sea were an illustration of the attitude it could take if and when it turned its attention to Eastern Siberia.

## BASQUE COUNTRY

It was the eve of the French national holiday as Pat Kennedy and John Francis stepped out of the bank's jet at Biarritz's Parme Airport. During the one hour flight from the City Airport they had changed from business suits into summer slacks and polos. Incognito, Kennedy told Francis, ready for the drive to Hendaye in a hired yellow Renault Twingo passe partout. Kennedy had persuaded Francis to join him for a summer break, escaping the stress of the on-going crisis that was weighing heavily on the City of London.

They were the guests of Tom Barton and Sophie Emerson for the five day weekend at her villa in Hendaye, twenty kilometres to the south of Biarritz. The fact Kennedy had more or less invited himself, was of little importance for Tom or Sophie, on the contrary it was a long-standing standing invitation and they were delighted to see the two Irishmen.

Pat had earned his break after months of jetting back and forth to Hong Kong and Beijing promoting the bank's business in China, which as he put it, was another kettle of fish in comparison to Europe, where the crisis rumbled on with almost daily plans to save Greece, Ireland or some other peripheral country. Each passing day brought news of ministers rushing to Brussels, then announcing hundreds of billions in loans, all of which seemed to do nothing to douse the flames that were engulfing the eurozone.

They were welcomed by cocktails and lunch served by the pool overlooking the Baie de Chingudy. The weather was perfect. "Not always

the case,” Sophie warned them, “the hills are not green for nothing.”

“Better than London,” said Pat.

“... and even better than Dublin,” added Francis.

“Don’t talk about Dublin,” complained Kennedy. “Even our credit rating has been downgraded to junk.”

They all laughed.

The fear was, like Greece, Ireland would need a second bailout from Brussels. The eurozone debt crisis seemed to be spiralling into an uncontrollable dive as EU leaders wrangled over who would foot the bill for the one hundred billion euro package for Greece.

“I see London’s gloating over Ireland’s problems,” said Barton.

“Well they shouldn’t be,” said Pat. “There’s risk of a default, a disaster for the UK given the massive loans British banks like RBS and Lloyds have ladled out to Ireland.”

“It would provoke another round of bank failures in the UK,” Francis told them. “It’s why the City sees Ireland’s difficulties in a different light, making Dublin’s needs a special case.”

“Hey, we’re not here to talk about business,” said Sophie filling their glasses. “I hear you’ve been back to Russia,” she added with a twinkle in her eyes.

Francis took off his glasses and wiped them with his napkin. It was impossible to keep a secret.

“Yes, I suppose they told you.”

They all laughed. His relationship with Ekaterina was an open secret. They had met at the Pushkin Museum in Moscow - the inauguration of an exhibition of Mid-Twentieth Century Contemporary Art, where he along with Pat Kennedy and Tom Barton had been invited.

“What’s her name?” enquired Sophie brushing aside his embarrassment.

At that moment the noise of a jet approaching San Sebastian Airport on the other side of the bay turned their attention.

Francis dodged the question as Pat came to his aid.

“What we’re worried about is that contagion could spread to Italy. All the signs are there with markets urging governments to spend money they haven’t got.”

John Francis, quickly picked-up the thread, speaking of an idea that was making the rounds: a parallel between the on-going economic turmoil and situation that had led to WWI.



Peace in Europe had reigned for seventy years and in spite of serious regional wars, the great powers had somehow, at least for the time being, managed avoided the spread of conflicts.

To Francis, who adhered to the belief that human history was composed of cycles, any idea that humanity could shape its future was nothing more than a myth maintained by political and cultural establishments. Civilisations were as ephemeral as animal species invented by nature, their existence limited by the force of change, the rest was nothing more than an illusion to pacify the masses. Of course the actors changed, as did the settings, but life and death as well as the perpetual struggle for power and influence followed as surely as did the seasons.

In the past rulers had justified their divine authority by pointing to their supposed exclusive communication with a god, who demanded, come what may, unconditional obedience. The ideas of long dead leaders, who went to war with god at their side, were obsolete. Kaisers, czars, emperors, kings, princes, tyrants, fuhrers and caudillos, or whatever they chose to call themselves, had been successively ditched by their gods. All of which made Vladimir Putin's overtures to the Russian Orthodox Church strike Francis as all the more astonishing.

His visit to Ekaterina's grandparents in their picturesque village to the south of Moscow, showed how religion could serve as a unifying cement - just as it had in Ireland during its difficult times, a guide, a rhythm with its traditional festivals that brought families, friends and neighbours together, a reminder of their past joys and trials, and a comfort in death and suffering, but not as a banner under which their men were forced to march to war.

Russians had little illusions about Communism and its invention of Stakhanovism - collective lies, perpetrated by both leaders and workers movements, where Russians paid lip service to Communism's mythology under the threat of the Gulag. Lenin, Stalin and their successors had destroyed the tissue of the traditional life of Russian peasants, persecuted the kulaks - better off peasants, starved millions of Ukrainians to death by forced collectivisation, condemned millions to Gulags and murdered dissidents by the tens of thousands.

The temptation that drew Putin to authoritarianism was ingrained into the Russian psyche. To the East, China, Russia's one time protégé, had emerged as a giant, a future leader, an ascendant civilization, compared to which Russia was a failed power, an empty space.

The giant had awoken and had begun to flex its muscles, projecting its

military power into the South China Sea. Where would it turn next? Perhaps Eastern Siberia? The dangers of riding the Chinese dragon were too great even for Mr Putin.

To the west, Europe was distracted by a titillating comic opera: François Hollande gallivanting around on a scooter for his midnight trysts with an actress girlfriend, a short fat Romeo in an oversized crash helmet. A buffoon, a poor man's version of Il Cavaliere, Silvio Berlusconi, whose clowneries and scandalous bunga parties with teenage call girls had amused the gallery for years, when Italy tottered towards the brink of disaster, one of Europe's largest economies, the default of which would reduce Greece's difficulties to nothing more than a bagatelle.

"This afternoon its San Sebastian and no politics," announced Sophie, in an effort to steer them away from business and geopolitics.

## A BUBBLE

In 2011, Kennedy, still making his first steps in China, had been warned by Lili that its most dynamic domestic motor of growth: real estate, both residential and commercial, was seriously over heating; threatening the stability of the country's entire economy. She explained how every middle-class Chinese family had invested their savings in residential property. It was an indisputable fact, wherever Pat looked new apartment blocks were springing up, and many were empty. Lili told him buyers saw their investment as money in the bank, growing by leaps and bounds, year in year out, earning greater returns than the interest paid by any bank and with little or no risk, up to that point.

Whereas many Chinese home buyers made large cash deposits, most of the purchase price was paid through a bank mortgage, thus the boom in residential construction meant that almost twenty percent of all bank lending in China was property linked.

It was a paradoxical situation considering the average Chinese family, at least those Pat had observed in his travels, could not even dream of owning one of the splendidly equipped homes advertised in glossy promotional brochures handed out in shopping malls.

Who were the buyers and what would happen if the bubble burst? he asked Lili recalling the still painful memories of the property crash back home.

Her reply was a shrug of the shoulders.

The Chinese property market was beginning to resemble a re-run of Spain in 2007. After growing at more than twenty percent, double the rate of its GDP, for more than a decade, demand was falling for a number of reasons including changing family demographics.

China was riding a tiger. Property growth consumed credit, services, raw materials: steel and concrete, as well as electrical and mechanical goods, domestic appliances and furnishings. Any serious slowdown would automatically drag down those other sectors and the slowdown in construction would inevitably force the Chinese government to re-think the country's long running growth model.

This, explained Lili, was the source of all the perils that faced China. The question was not if the property bubble burst, but when. In the words of John Francis, China supplied the world with manufactured goods and the world supplied China with the money needed to inflate its property bubble.

Over the course of 2014, little by little, Lili's predictions were confirmed. Of course she had not been alone, but as far as Pat was concerned his confidence in her was total; she was Chinese; from a banking and business family, one that had deep roots in China and Hong Kong. The economic slowdown almost certainly explained the reasons for the frenzied actions of certain Chinese businessmen and leaders: a headlong rush into overseas investment.

## HIGH STAKES

Pat felt he had made the right choice, Hong Kong was safer than Russia from all points of view. Perhaps he was getting older and wiser. Certain businesses were best avoided, losing money was one thing, but ending up behind bars, or on a mortuary slab, was another.

The news that Thierry Leyne, an associate of Dominique Strauss-Kahn, had jumped off Tel-Aviv's highest building, a tower where he rented an eight hundred square metre apartment, just a couple of days after Christophe de Margery, the president of the French oil giant Totale, died in equally strange circumstances, unnerved Kennedy. Christophe de Margery's Falcon inexplicably crashed into a snow plough on take-off at Moscow's Vnukovo Airport.

The ex-IMF president's company LSK (Leyne Strauss-Kahn), had been mixed in a series of nebulous deals linked to suspected money-laundering. Strauss-Kahn had resurfaced as an arranger for a number of very doubtful

clients, more especially the National Credit Bank of South Sudan, in a country ranked 163 by Transparency International, reputed to be centre for illegal banking and black market currency dealings, and where corruption was rife.

Strauss-Kahn's dealing could have been considered an unfortunate incident had it not been for the fact he had also been appointed to the board of the Russian Regional Development Bank, by Igor Sechin, Rosneft's chief executive, and was a board member of the Russian Direct Investment Fund. On top of that Strauss-Kahn was appointed chief executive of Credit Dnepr by the Ukraine billionaire Viktor Pinchuk.

It was a strange and dangerous hotchpotch of affairs to say the least, and one that could have provoked the death of his partner.

Accidents and suicide had always been a favoured method of eliminating business enemies, those who obstructed ambition, or were inconvenient witnesses. It was as old as time, going back to ancient civilizations where poisoning and other dirty tricks were best-loved means of settling succession. It was very effective; after all it was very final.

In the case of INI the stakes were huge. The subsidiaries and emanations of Michael Fitzwilliams' bank in: Hong Kong, Ireland, Amsterdam, Moscow and the Caribbean were worth billions. City & Colonial had got its hands on the heart of the bank, but the structure of INI's overseas affiliates was such that a large part of its holdings escaped the ambitions of the predatory giant.

Perhaps he was being paranoid, but Pat Kennedy, with reason, figured his sudden demise would facilitate any plan to seize the whole group. The initial danger had passed and perhaps it was the moment to take a break and leave the bank in the capable hands of Angus MacPherson, together with the Wu's, a family that had survived the upheavals and transformations that had changed the face of China.

If City & Colonial was a house of secrets with friends in high places to protect, it was the Russians that Pat feared most. Those who had never met the likes of Dermirshian, to whom human life meant nothing, would have had difficulty in imagining the lengths such men would go to protect their and their friends interests.

Lili had not been joking when she told him he needed a personal bodyguard, an old Chinese tradition for the rich.

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The Kremlin and the FSB with its predecessors had never hesitated to use

the Mafiya for their dirty work, notably criminal operations and politically motivated assassinations.

Sergei Tarasov for one was familiar with the murky links that existed between the Kremlin and the Mafiya and no one was better positioned than he to understand the fragility of wealth, especially that which sprung from the discrete patronage of those two institutions, where the dividing line between individual interests and matters of state was sometimes blurred.

On the one hand Tarasov was the head of a powerful Moscow based banking group obeying the laws of the Russian universe, and on the other he was an international businessman living in London conforming to the rules and regulations of British society and the City.

His connection with the Kremlin was other than that of a City banker, taking, on occasions, cues from Downing Street, much more. As for his dealings in Moscow, they often took place behind by a heavily veiled façade of respectability that hid dark secrets, financial arrangements between the inner circle of Russian power and the Mafiya underworld, a tradition that could never be understood in London, one that Tarasov exercised with the very greatest discretion.

He had seen so many of his class eliminated after falling foul of political interference: imprisoned, forced into exile and even assassinated. It was endemic in all authoritarian regimes. Tarasov remembered men like Saïf Gaddafi, whom he had met on occasions in London, Montenegro and Greece. The son of the Libyan dictator, who had been fêted by Western businessmen, flattered by British politicians and praised by London academics. Then, with the downfall and death of his infamous father, Saïf was condemned to rot in a Libyan prison, accused, amongst other things, of threatening his country's national security and insulting its new national flag.

Tarasov was different from other oligarchs. Unknown to his partners, with perhaps the exception of Pat Kennedy, he had been the chosen protégé of Alyosha Dermirshian, the late lamented head of a powerful branch of the tentacular Russian Mafiya, a vast, clandestine, system of crime syndicates that penetrated every corner of the country's political and business system, as it always had; under the czars, the Soviet Union and their successors.

Different groups, all part of the Bratva brotherhood, cooperated or shared services when it suited them. The Bratva Mafiya, which had flourished in the black market of the Soviet era, then during the period of chaos following the dissolution of the USSR, had since diversified and expanded

its interests.

Dermirshian's corrupt business grew at an exponential pace once the Russian property boom started, he had enlarged his empire by seizing control of weaker gang's by force and political manoeuvring. He was aided by former Communist officials and the new class of business leaders that emerged from the ruins of the Soviet economy.

His empire had created a façade of respectability through the acquisition of a small bank, Mosbank, which at the outset was nothing more than a tool to launder money from its serendipitously acquired property empire in St Petersburg and Moscow.

This enabled Dermirshian to enter the opaque post-Soviet world of Russian politics as well as reinforce ties with other crime syndicates, running groups within and outside of Russia, transforming his operations into a global business. He traded in everything legal and illegal: commodities, casinos; night clubs, arms, drugs, alcohol, prostitution, immigration, diamonds and money-laundering.

Wisely Dermirshian retired to Monte-Carlo, whilst those less intelligent killed or were killed in the fight for power, money, territory and supremacy. During this time Sergei Tarasov transformed Mosbank into InterBank, distancing it from its Mafiya roots, building it into a powerful business institution that reached out to the City of London, where, after joining forces with Michael Fitzwilliams' crisis hit bank, the INI Banking Corporation was born.

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At the outset Dermirshian's Mosbank was in reality nothing more than a conduit to launder the vast sums of money that his criminal empire generated during the Yeltsin years, when Russia resembled the Wild West and huge fortunes were made. Each week suitcases filled with millions of dollars left Moscow, via the bank's newly acquired jet, destination Belgrade, the capital of Yugoslavia, a country on the brink of disintegration, embroiled in a vicious civil war as its component republics fought for their independence.

The money was transported to Montenegro where it was discretely loaded on board a yacht: that of the Mosbank's new and dynamic youthful head, Sergei Tarasov: destination Cyprus or Monte-Carlo.

Since that time, Russian organized crime had taken a foothold on the French Riviera and Spain, pumping money in stalled property developments. At the other end of the Mediterranean, backed by one

million Russian Jews, it created a powerful base in Israel, controlling Tel-Aviv's diamond and financial markets.

Dermirshian's men had eliminated uncooperative leaders such as Aslan Usoyan, who was shot dead in January 2013 by a sniper's bullet as he left a Moscow restaurant just one mile from the Kremlin. Usoyan, a Yezidi Kurd born in Soviet Georgia in the 1937, was one of the old guard Mafiya bosses.

Usoyan's clan had been embroiled in a long turf war with rival groups from Chechnya and Dagestan for the control of casinos and night clubs with gangland style executions. One of the reason's for Dermirshian's ire was Usoyan's entry into the hotel and property business, the kind of presence feared by legitimate hoteliers and real estate businesses.

Times had changed and Mosbank was a distant memory. Well before the retirement and demise of the old Mafiyosa in Monte-Carlo, Interbank and INI Moscow had become respected institutions, though they still banked nebulous funds from even more nebulous clients.

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At the heart of INI's international network was INI Private Bank in Dublin, which, via complex operations and companies incorporated on Caribbean islands, offered safe havens for its rich clients: Russians, Chinese, Middle Easterners along with a pot-pourri of dictators and leaders of banana republics.

It could have seemed normal if the list ended there, but it didn't. INI Private Bank offered its services to a serious number of Britons and Europeans who were actively hiding their money from tax authorities and prying eyes.

The unsuspecting public in London or Dublin would have never dreamt that the hidden fortunes of that mixed bag of dictators, gangsters and fraudsters were hidden offshore by the Irish bank, its offices visible to any passer-by, situated on a street like any other in Dublin's financial district. Fortunes managed through a nebulous screen of companies, trusts, investment funds and accounts of every imaginable description, structures in constant metamorphosis, scattered across what was known in the offshore banking world as the Bermuda Triangle, situated between Panama, the Bahamas and the British Virgin Islands.

EU directives of 2001 and 2005, applying to interest paid to individuals resident in an EU Member State, other than the one where the interest is paid, implemented a system of cross border reporting so that all citizens paid taxes due on all their savings income.

There was however a loophole, the directives were applied to individuals only, not companies, which was a boon to Ireland. To avoid taxes, all that was needed was the creation of a screen company and an account in its name, in a suitable offshore tax haven. A procedure that was child's play to INI Private Bank Ltd., Dublin.

Banks such as INI possessed some of the most powerful data management systems on the planet, which left poorly equipped investigators, whose resources were to all intents non-existent, almost powerless.

INI with its private banking and wealth management units were, like other such institutions, answerable to none, with their business bases dispersed in a numerous and often conflicting jurisdictions. Giants like HSBC, which according to Forbes was the world's fourteenth largest business enterprise, conducted its business in four sectors: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking, with more than six thousand agencies in seventy or more countries. A quarter of a million employees serving its fifty million customers, managing assets valued at two and a half trillion dollars; more than the entire national wealth of Russia or Brazil. HSBC's shareholders numbered more than two hundred thousand and were scattered across more than one hundred and thirty countries and territories.

This went a long way to explaining how HSBC could menace, or blackmail, the British government, by threatening to quit the UK, moving its headquarters to Hong Kong, Shanghai, Paris or even the US. What was at stake was their freedom to do as they liked and with less regulation. The danger was, if HSBC quit the City of London, who would follow?

Banks protected themselves by the fragmentation of data on multiple and sometimes incompatible computer systems, some of which were based offshore, an opaque screen designed to prevent intruders and non-authorised personnel from accessing the movement of funds. What men like Fitzwilliams and his partners feared most were moles, insiders such as Hervé Falciani, who had delivered a mass of information to financial authorities concerning non-resident account holders with HSBC in its Swiss holding.

To complicate matters, whenever their interests were in danger, governments obstructed enquiries. Every contract signed, every commercial accord and every defence agreement involved payments, commissions and the transfer of funds, not forgetting the funding for delicate or covert missions, without which nothing would work.



John Francis, a respected academic, was far from being a conspirationalist, but it was evident that international finance had by definition certain goals. The first was its *raison d'être*, profit; the second, optimisation of fiscal efficiency, that is to say, no tax; and the third, free movement of capital. All this implied operating in the most favourable environment, wherever conditions were propitious to profitability. Such conditions were assured by the complaisance of politicians who perpetuated the opacity of the system.

The average man's knowledge as to how international finance functioned was extremely vague to say the least. The public saw the economic crisis as being the fault of banks, fat cats, traders and crooks in the City, all of whom were out to swindle them, and naturally the bonus system - and in a certain manner of speaking they were right. The international finance system was in fact a transnational institution, parallel to elected government, and beyond its control, a system with its own rules, dedicated to profit and by whatever means it took to make it.

Behind the vast machine that moved capital around the clock were men like Fitzwilliams, Tarasov and Kennedy, in other words bankers, financiers and powerful businessmen. They were aided and abetted by politicians who smoothed the way, bent the rules, starving the very services set up to fight corruption and fiscal evasion of the means necessary to carry out their mission.

## A PROPERTY BOOM

London was booming. Suddenly, almost unannounced the good times were back, almost six years after the fatal bank run at Northern Rock, and the collapse of Mercian Finance, another important mortgage lender. Those events were since recognised as having been the precursors of the most severe economic crisis the world had experienced since the thirties, a crisis that economists were calling The Great Recession.

Spring had arrived, flowers bloomed in London's parks and gardens, the trees took on their fresh green mantle as the leaves burst from their buds, and as Pat Kennedy set off for a Saturday morning jog he couldn't help remarking the girls looked particularly pretty. The past week had not been simply good, but excellent. The Footsie had gained twelve percent since the beginning of year and seventeen percent over the previous twelve months.

He rubbed his hands with pleasure and breathed in the fresh morning air of Battersea Park. Things were definitely looking up as INI prepared to move

into its new London headquarters in the Gould Tower. The bank had become bigger, better, and certainly more prosperous. At the same time Pat Kennedy had seen a spectacular rise in his own earning and investments, which was not the case for many other Britons, most of whom had seen their incomes fall in real terms.

The FTSE had been boosted by buoyant European markets and the belief the crisis that had racked the eurozone was finally over. It seemed that cash rich investors who had been watching from the sidelines, waiting for a sign, had finally taken the plunge and were investing heavily into European equities.

The INI Europa Fund, a private investment fund, specialised in real estate in the UK and for certain selected assets in France, Germany and the US, had raised over two billion pounds for investments in commercial and residential real estate. The Gould Tower counted amongst its major investments followed by new residential developments in the City, the West End and peripheral districts of London.

However, in spite of the general optimism of the promoters, Tom Barton, manager of the Europa Fund, had seen the BTL boom and crash in the period leading up to the 2008 crash, and had not forgotten the lessons learnt. Seriously concerned by the potential glut of prime residential property, with nearly a decade's supply of homes in the pipeline, he started to discretely withdraw plans to invest in what he saw as speculative projects.

The starting prices of the fifty thousand homes planned or under construction, situated in an area between Earl's Court and Tower Bridge and from Regents Park to the South Bank, stood at half a million pounds for a studio flat, whilst the average apartment price stood at around one million pounds or more.

Jonathan Plimpton had urged caution, informing Barton that a mere four thousand homes in that kind of price range had been sold in the same area during the whole of 2013.

The question remained as to who would buy those properties and what would happen to prices.

Promoters seemed to ignore the risk as they fought over development land, pushing prices up and margins down. Most had planned on attracting new foreign investors from China, Hong Kong and South East Asia, as well as Russians and buyers from the former republics of the former Soviet Union. They, along with the more traditional Middle Eastern investors, sought a haven far from the dangers that stalked their respective worlds, a last resort

if things went badly wrong at home.

It was perhaps why promoters had opted for a majority of two-bedroom apartments in the skyscraper towers springing up across the capital. The newcomers would not be looking at their investment in the same way as the typical UK BTL buyer would, since it was improbable they would see the kind of returns promised by the promoters' sales agents.

Jonathan Plimpton described them as buy-to-leave investors, interested in safe deposit boxes and not returns, in the same manner as wealthy middle-class Chinese left the apartments they bought in Beijing, Canton and Shanghai unoccupied.

Come what may, the Londoners forced out of the capital's central districts were not the kind of buyers targeted by Gutherie Plimpton and their likes: the average Londoner could not even dream of acquiring such properties, not to speak of the top end of the range products: reserved for those who could pay millions for penthouse apartments overlooking Hyde Park, or large detached homes surrounded by landscaped gardens in the St Johns Wood kind of district.

The cost of being a global city was hard on London's grass roots population which was being progressively priced out of the market.

Amongst the INI Europa Property Fund's different portfolios were those that attracted the interest of sovereign wealth funds seeking long-term investments in prime property developments. These included investment possibilities in developments such as London's Hyde Park Barracks, on offer by the Ministry of Defence at not far off one billion dollars, or the Royal Albert Dock or the Ram Brewery development in Wandsworth.

Even Boris Johnson, the Mayor of London, had become a salesman, heading a trade delegation to Malaysia, Singapore and Indonesia, to promote London residential property. He insisted the schemes were targeted at the regeneration of run-down London districts that offered an attractive investment for foreign buyers.

The idea that everything was up for sale was confirmed by the presence of Malaysia's housing minister, Datuk Rahman Dahlan, who inaugurated a Battersea Power Station residential development set around a garden aptly named Malaysia Square.

The Thames skyline was being transformed by soulless Dubaiesque architecture, which in the long term would make London indistinguishable from any one of a growing number of glass and aluminium cities spring up across the face of the planet, each country vying with the other to build the

highest symbol of national pride.

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Barton managed INI's Europe Fund composed of different portfolios specialised in different property strategies. From an initial investment of a few million pounds its capital had grown two billion over the course of five years with assets under management exceeding five billion. The property fund had gone from strength to strength, over the remarkably propitious 2010-2014 period, returning over forty percent in five years, charging sky-high fees with an annual two percent on capital plus twenty five percent on profits. As fund manager Barton's profit related earnings rocketed as property returned extraordinarily high gains in the world's most global of global cities.

The fund, domiciled offshore in the Cayman Islands, as were sixty percent of other such funds, escaped control of the financial regulatory authorities and of course the inland revenue. As such it was one of the many funds that controlled a total of more than three trillion dollars in assets world wide, though its management unit, based in the UK, was subjected to regulatory controls.

The majority of the shares were owned by Barton and other individuals, including Michael Fitzwilliams, Pat Kennedy and Sergei Tarasov, the remainder by other high wealth individual investors and funds.

The risks were relatively low; mostly related to economic and property cycles, on the other hand it was not a simple matter if a shareholder or shareholders wanted for some reason to withdraw their capital, since properties owned by the fund could not be easily disposed of, unlike shares that could be bought or sold at the press of a button. To prevent being forced into a property fire sale, a gate prevented shareholders from pulling out at short notice, suspending redemptions and forcing funds shareholders to wait for properties to be disposed of in an orderly manner.

Each property was acquired by a company specifically set up by the fund for that purpose. The company received income from rents paid, which were distributed as income, and growth that came from increases in value of the properties. The fund avoided the problematic of managing the day to day functioning of properties by subcontracting this task to specialised firms.

Liam Clancy's role was that of managing residential sector investments, that is to say units in prime property developments in London and other selected sites.

Almost all investments in Barton's portfolio were speculative, short term, designed to capitalise on the rise of super prime property prices, which he did not see falling in view of the volatility and the volume of hot money seeking a shelter.

The fact was, Barton, as the general manager of the fund, a private investment vehicle, could do as he wished providing he informed the investors in advance of his strategy.

Tom had learnt from his long experience in property that the cycles repeated themselves, never in exactly the same fashion, but rising and falling with almost clockwork regularity. In the long term prices always rose, a simple glance at prices over the past one and a half to two centuries showed a relentless climb. There were many reasons: at the time of the Battle of Waterloo the population of the British Isles stood at five or six million, two centuries later it had increased more than ten fold and continued to grow.

However, there were short term cycles with sharp rises and falls, linked to punctual economic conditions and events. And as always homes were never built fast enough, it was not in the interest of industry to create oversupply, the same went for most other sectors of public and commercial properties. The only exception to this rule was industry, which was built for future production and future profits.

Tom Barton did not believe in end of the world crashes, on the other hand, he knew an imprudent investor could be wiped out in a flash, as had happened in 2007 to the Northern Rock and the West Mercian Finance in 2008.<sup>1</sup>

His strategy had always been to monitor the market closely, which was a full time, stressful, task and the principal reason why he had contemplated quitting the rat race, or at least search for a more satisfying life.

In the years he had got to know Fitzwilliams and his close entourage he developed solid friendships with Pat Kennedy, Sergei Tarasov, John Francis and of course Steve Howard who had pulled him out of his Bangkok impasse.

Seven years had passed since that fateful day at the end 2007, when he boarded a flight for Dubai on a voyage that was to last seven years. During which time his view of the world at large had not changed, but he had learnt to see his own life more objectively.

<sup>1</sup>. West Mercian crash see Death of a Financier written by the author

published in 2009

## A SCAPEGOAT

Barton reservations about the origin of certain monies invested in the Europa Property Fund continued to worry him. The fund, based in the Cayman Islands, held a variety of properties in its portfolio, most of which were registered to a cascade of offshore companies.

The Europa fund's earnings grew as the flow of investment capital from Russia surged with the Ukrainian confrontation and Putin's annexation of the Crimea. Then as China's property market cooled and a crackdown on corruption sent rich Chinese in search of a shelter, the flow continued, as investors scrambled to put their wealth beyond the reach of their authorities.

It was certain that a good proportion of the funds was derived from graft, corruption and tax evasion, making Europa a possible accomplice in the eyes of the UK National Crime Agency, which had voiced its reservations about the origin of money flowing in from Russia, China and other countries.

Barton's greatest nightmare came in the form of the US Federal authorities, which had nailed HSBC for similar affairs. At moments he imagined himself in an orange jumpsuit, like a felon, behind the bars of a Federal prison after being extradited to the US by a complaisant British government.

The City had become a key platform in a system of money laundering through the purchase of prime London property. Assets were sequestered through a series of offshore shell companies registered as legal owners, a process that led to price inflation, stimulating speculative investment and construction. All of which was indirectly encouraged by government as a growth factor and source of tax revenues, inevitably leading to a distortion in the property market and the flight of working and middle-class Brits from their traditional boroughs in London.

Barton had observed the development of media instigated witch hunts; the investigation of historic crime had started with accusations of sexual abuse, then war crime in Northern Ireland, followed by the wars in Iraq and Afghanistan. With whistle blowers were digging for dirt they were certain to find it and Barton had no intention of hanging around waiting for the finger to point at him.

He would be a ready-made scapegoat, diverting attention from the high

and mighty, that is Hainsworth and his political friends, whose incestuous links to City & Colonial, if discovered would certainly be their undoing.

## Chapter 5

### HONG KONG

To describe Pat Kennedy's feelings, embarrassment was perhaps the word. Though Lili's family had closed ranks it was not clear where he stood. For the first time he understood what loss of face meant, not that he hadn't experienced loss of face before. In the past his mishaps had been economically painful, even life threatening. This time there was no threat to his economic well-being. From his home, looking out over Hong Kong Harbour, Kowloon and the hills beyond, his material future was assured. Not only was Pat a rich man in his own right, but his wife was the daughter of a rich and powerful Cantonese family, whose political connections reached out to Beijing and even the Central Committee.

Pat had been relieved of his position as Chief Executive Director of International Operations of the INI Banking Corporation and Managing Director of INI Hong Kong Ltd., effective immediately. The word 'relieved' troubled him; he did not feel in the slightest way relieved.

His ejection followed the sudden takeover of the bank by City & Colonial, and sudden it was. It was a decision taken without the least notice late Sunday evening, before financial markets opened in the City of London, when the British Prime Minister, presiding over an emergency Cabinet meeting, had authorised the Chancellor of the Exchequer, in coordination with the Bank of England, to approve a shotgun marriage. It was deemed necessary to prevent a disastrous collapse of the INI Banking Corporation and pre-empt the risk of another Lehman scenario.

The news was announced shortly before the opening bell of the Hong Kong Stock Exchange on the first day following the traditional Chinese New Year break. Simultaneously Pat had been informed of his unceremonious ejection. His 'resignation' he was told would be cushioned by a substantial pay-off and the preservation of his pension rights, conditioned by a confidentiality agreement to be drawn up by the bank's lawyers.

On receiving the news, he was, as he later put it, gobsmacked. The call came on his personal mobile at eight in the morning, Hong Kong time, as he drank his morning coffee and admired the extraordinary view from his penthouse apartment. With a stuck-up English voice the caller pompously announced himself as James Smythe, head of HR at City & Colonial in London.

At first Pat was curious, it was nothing unusual to be called on his very private number at that hour, but at that time of the day, given the time difference, he rarely received calls from London, it was midnight in the UK. As for City & Colonial he had never spoken to anyone of any consequence from that bank and could not for the life of him imagine why their HR department would call him.

Smythe beat about the bush before casually asking if he had been informed of the changes.

“What changes?” Pat asked.

Smythe seemed embarrassed.

“The bank ...”

“What bank?”

“I see.” There was a silence. “As of today INI Banking Corporation PLC is effectively under the control of City & Colonial.”

“Sorry,” said Pat as if he had not heard Smythe’s words.

“I said ...”

Pat cut in, “I heard what you said. I don’t understand what you mean.”

“This morning, that is Sunday in London, City & Colonial took control of Europa and your Chairman, Michael Fitzwilliams has resigned.”

“Look,” Pat replied angrily, “if this is some kind joke it’s not funny.”

“Mr Kennedy, I’m sorry to be the one to break the news, but this is a decision of the government in London and the Bank of England .... If you doubt my words you can check on the TV, Bloomberg.”

Pat put down the phone and looked around for the remote then zapped the TV to Bloomberg. Beneath the anchor man the Breaking News line flashed Bank of England announces City & Colonial takeover of INI Banking Corp.

“Hello, hello,” Smythe’s disembodied voice echoed into the breakfast area.

Pat stared at the screen trying to make sense of the news. Then, slowly he became aware of the voice behind him and picked up the phone.

“I sorry,” said Smythe. “Listen old chap, I’ve been instructed to ask you to stay at home for the moment. You’ll be contacted later in the day with



instructions.”

“Instructions ...”

There was a click as Smythe hung up.

At that instant Lili walked in. “Something wrong?” she said looking at Pat.

He looked dazed, in a state of shock.

“What’s up Pat?”

“I think I’ve been fired.”

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They had survived the Lehman crisis and a long succession of aftershocks shocks to emerge stronger than ever; a powerful bank with operations spanning Europe, Russia and China. Why then did things go wrong?

It was not difficult to pinpoint the precise moment in time when the bank’s Russian stratagem started to unravel. It was Friday, 21 November 2013. However, if the same question had been put to Michael Fitzwilliams, he would have pointed to the day he met Tarasov at the 2009 All England Lawn Tennis Club Championships in Wimbledon, but that was another story.<sup>1</sup>

Going back to that fatal Friday in November 2013, the then Ukrainian President, Viktor Yanukovich, had ordered the suspension of negotiations with the EU on a trade pact.

At that precise moment in time, John Francis, personal advisor on economic matters to INI’s Chairman, Michael Fitzwilliam, had been in Moscow as the news was announced on RT television, Russia’s 24 hour English-language news channel. The Ukrainian parliament had rejected legislation concerning negotiations for an EU-Ukraine Association Agreement, abruptly ditching its plans to sign a historic pact with the European Union, preferring a deal with Moscow instead.

It sounded an alarm to all those who followed Ukrainian politics in as much as it put an end to European hopes that Ukraine would distance itself from Moscow, by joining the nations of the ex-Soviet block that had already adhered to the West.

Putin was jubilant, it was a great victory, however the majority of Ukrainians did not see it with the same enthusiasm.

As Francis stared across the square from the window of his room at the National hotel, he was overcome by a deep foreboding. The walls of the Kremlin reminded him of more sinister times, it was if he had been projected backwards to the days of the Cold War.

<sup>1</sup>. See The Plan by the author published in 2011

## MOSCOW

Two weeks earlier as Russians were about to celebrate their Orthodox Christmas, John Francis arrived in Moscow. It was not for academic reasons or some economic mission. He was there for Ekaterina Tuomanova.

As a respected economist and historian he had always been careful with his personal relationships, steering clear of starry-eyed students and young women attracted by academics of his kind. Men of his age and profession who strayed always seemed to end up in some kind of scandal that inevitably turned up on the pages of the Daily Mail or some other tabloid.

That he had stuck to the less exotic kind of women that were often found in his own somewhat cloistered world was no surprise.

Of course as a personality in the field of economic history he travelled extensively and from time to time had had sexual encounters when he felt sufficiently far from home to be able to avoid prying eyes.

That was before he met Ekaterina.

Up until the moment Michael Fitzwilliams invited him to form an ad hoc think tank to analyse economic and geopolitical events and their impact on his bank, his dealings with the financial world had been at arms length. He to a certain extent had disdained the professionals, and they in turn the theoreticians.

With Fitzwilliams and his associates, John Francis discovered another world, particularly that of the Russian oligarchy and the omnipresence of the wealth that surrounded it.

In the space of his four or five years as a highly specialised advisor to Fitzwilliams' bank, he had become a wealthy man, that is of course in relative terms. High compensation in the world of banking was nothing new to him, he had lectured and even written learned papers on the subject, but he was not alone, even his barber could hold forth on the inequalities of the bonus system.

It was not that Francis was inadequately paid in his academic profession, on the contrary he was well paid, he was even prosperous, though never rich. But what surprised him most was the banker's generosity. At the outset, when he saw his bank account grow his reaction was one of

suspicious, however his suspicions were quickly transformed into a warm glow of satisfaction, justified, as he saw it, a form of recompense for the advice and knowledge he dispensed, and so it was.

It was the same when Sergei Tarasov in turn showered him with rewards, rewards which he initially refused, but being no ascetic and realizing that international finance was awash with money, he gave in to the call of the Siren. In his more lucid moments he feared he was being transformed into a modern day version of Marlow's Doctor Faustus, haunted by the idea he would be called upon to justify his avarice, in one way or another, at sometime in future, distant, he hoped, or not so distant he feared. He was of course closer to Thomas Mann's Adrian Leverkühn: Tarasov his Mephistopheles and Russia his Apocalypse.

He first met Ekaterina eighteen months earlier at the Pushkin Museum in Moscow. Tarasov together with the London auction house Christies had sponsored an exhibition of mid-Twentieth Century Contemporary Art at the museum and Francis along with Pat Kennedy and Tom Barton had been invited to the inaugural reception.

A couple of hours into the evening, after the Champagne and speeches, the reception slowly wound down. Francis, in a deep discussion on the subject of Francis Bacon with Ekaterina Tuomanova, an expert on contemporary art at the auction house, had not seen the time pass by.

"It looks like I'm keeping you," Francis said looking at his watch.

"Not at all."

'Well I'd better be going, if I can find the hotel.'

'Which one?' she asked.

'The National'

'Oh. It's not too far. I can show you the way if you like'

A quick check informed him Kennedy and Barton had already disappeared, no doubt as Tarasov's guests at the Metropol.

'Why not,' he replied accepting her invitation.

Not feeling up to yet another late vodka fuelled evening, Ekaterina's proposal was not difficult to accept. As well as being able to show him the way home, she, in addition to being attractive and intelligent, would be pleasant company.

It was one of those pleasantly warm early summer evenings and there was no sense of hurry as they walked in the direction of the Kremlin, then following its massive red walls towards Manezhnaya ploshchad.

Ekaterina told him of her home near Kaluga, a couple of hours drive to the south of the capital, and then her student days at Moscow State University where she had graduated in fine arts.

She showed him a photo of her five year old daughter, Alina. After her husband, an army officer, had been killed by a road side bomb near Grozny, she had decided to pursue her career in the world of art, returning to Moscow State University, then V. Surikov Moscow State Academy, before joining Christies at their Moscow branch.

In Red Square Ekaterina pointed out the finer details of St Basils before turning into the vast nineteenth century GUM shopping mall for a late coffee. By the time they walked to the taxi stand outside the Kremlin's walls it was almost one in the morning before they parted. As the taxi pulled away she waved goodbye and Francis, to his surprise, felt a sudden pang. It would be a long puzzling day before they met again as she promised they would for a concert at the Tchaikovsky Theatre.

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It was eight in the evening Moscow time and all was quite in the city, Moscovites, like all other Russians, were in the middle of their most important religious holiday. It was Sunday, 8 January 2015, the day after the Orthodox Christmas and the first day of their New Year Week.

Ekaterina was in Kaluga, one hundred and fifty kilometres to the south of Moscow, spending Christmas with her parents and would not return to the capital until midday Monday.

His flight had arrived from London in the late afternoon and the idea of eating in the hotel restaurant alone did not inspire him. It was too early to turn in, but any idea of a refreshing walk was out of the question, outside was a thick layer of fresh snow and the temperature had fallen to minus twelve degrees centigrade.

Francis picked up the copy of the Moscow Times and served himself a whisky from the well stocked bar and settled into an armchair. His suite in the National Hotel was spacious and comfortable, he appreciated its old world style. The five star hotel was situated on the corner of ulitsa Tverskaya, opposite the Kremlin. It had been built in 1903 and had been the home to Lenin for some days at the time of the Revolution. During later Soviet times it had suffered neglect, but was since restored to its past glory and had become part of the Meridien Group.

The Moscow Times reported the continued decline of the rouble and the fall in oil prices. Fewer Russians had gone abroad for the year end holidays

as the cost of buying dollars and euros had become prohibitive.

## THE 'EVIL' EMPIRE

Vladimir Putin's dream of a new Russian Empire was as frozen as the hard snow on Moscow's streets. The rouble was plunging in concert with the price of oil, the lowest since the Lehman debacle. Sanctions imposed following Moscow's seizure of the Crimea were biting and foreign goods, if they had not already disappeared from shops, were unaffordable.

The collapse of oil and the vital revenues it brought to the state, coupled with the disastrous annexation of the Crimea and the pro-Russian rebellion in East Ukraine, should have moderated Putin's exaggerated ambitions. Unfortunately for Kiev it was not the case, the ex-KGB officer had become an autocrat, surrounded by his cronies, a tight band of oligarchs, who like their Soviet predecessors harboured little or no consideration for the common people.

Before Putin launched his campaign to recreate a Greater Russia, he should have consulted his history books and more precisely heeded the words of the Hapsburg general: Count Montecuculli, Prince of the Holy Roman Empire, who once remarked that to wage war, you first of all needed money; second, you needed money; and third you also needed money. A commodity Russia sorely lacked as it headed for a severe economic contraction.

The collapse and dismantlement of the Soviet Union resulted in its successor, the Russia Federation, inheriting three quarters of its territory and barely half of its population. The later would fall to just a mere one hundred million by 2050, according to specialists, casting a sad shadow on Moscow's dream of past glory.

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To understand Russia's economy today, John Francis frequently informed his listeners, you have to understand its historical relationship to oil and gas. That Russia depended on oil was a generally accepted fact in informed circles. In 2009, the president of one of Russia's major oil companies at the time, Lukoil, Vagit Alekperov, described his country as a major player in the sector, occupying a key position in the international energy market. Russia's annual deliveries to the EU were equivalent to more than four hundred million tons of oil, or nearly a third of the EU's energy consumption.

What Alekperov, or anyone else for that matter, had not foreseen was the arrival of considerable quantities oil and gas from new and hitherto unimagined sources. American shale oil production propelled the US to the top of the production league, an event not seen in decades. The consequence of overproduction was a vertiginous decline of energy prices, a disaster for economies like Russia's, where oil revenues contributed seventy percent to the budget of the state.

Alekperov had imagined the world's fate hinged on the Russian Federation, which not only produced a large share of the world's energy – over ten percent, but exported half of it.

At that time, so very recent, it seemed to the World Energy Agency that a large number of the world's oil fields had passed their peak and production would fall nearly twice as fast as had been previously thought. According to their thinking, world oil production was declining rapidly, and by 2030 they had forecast a significant shortage of oil.

It was no wonder journalists dubbed oil 'black gold'.

In the face of such thinking, Alekperov could have never imagined, in the space of just six years, world production would in fact rise, and to a such a point market prices would collapse, as new producers inundated the world in an ocean of oil.

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Russia was not new to oil, far from it. The ancients had called it the blood of the earth. It seeped from the ground, floated on streams, its pungent aromas were carried by the wind and on occasions it spontaneously combusted. It was for this reason Russians called it *neft*, from the Greek word *nafata*, which in turn was derived from the Persian *naft*, meaning to seep or to ooze.

Mineral oil has been known to man since remote antiquity, it was used as early as the fifth or sixth millennium BC. The oldest known sources were situated near the Dead Sea, the Euphrates River and the Kerch Peninsula (Crimea) on the shores of the Black Sea.

According to the Bible, Noah used pitch to make his ark watertight and as mortar to build the Tower of Babel, whilst the ancient Egyptians used it for mummification and medicinal purposes.

The first reference to oil in what is now Russia was in the Bosporan Kingdom, situated on the northern shores of Black Sea, now Russian Crimea and Krasnodar Krai - at that time Greek colonies, where petroleum had long been used for lighting and other domestic purposes.

Towards the end of the first millennium AD, Russian princes seized the region, which had in the meantime become the Khazar Khanate, giving them an opening to the Black Sea region.

Later, in the sixteenth century, oil was used in Muscovy where it was imported from Astrakhan and the Absheron Peninsula (Baku, Azerbaijan) by Russian merchants who shipped it up the Volga to the cities of Nizhny Novgorod, Moscow and Yaroslavl.

In the seventeenth century, the czarist government formed the Siberian Office to manage its new territories to the east, where oil was discovered floating on the Yenisey River and along Lake Baikal.

Near Irkutsk, where it was said the stench from petroleum vapour was overpowering, oil could be found by simply digging in the ground, however, another three centuries were to pass before this resource was exploited commercially.

Under Peter the Great, the first practical use of petroleum was made and he took a personal interest in its scientific and commercial development.

The signing of the Treaty of Gulistan between Russia and Persia in 1813, signalled the end of the Russo-Persian War and saw the return of the Baku Khanate to the Russian Empire. At that time, there were more than one hundred wells on the Absheron Peninsula with an annual production of some twenty thousand barrels. These wells were simple pits from which oil drawn by hand. By 1834, the distillation of light oil was introduced for lighting oil that burned cleanly and brighter than candles.

Intensive drilling started on the Absheron Peninsula in 1873. It was the start of the great oil fever. Overnight, a forest of derricks sprung up and the throb of steam engines were said to have filled the air. It required four months to cap the first gusher, struck the same year, which pointed to the Baku oil field's vast reserves. Soon refineries were springing up everywhere and the sky was filled with smoke from the crude processes, shedding a fine rain of soot that covered buildings and installations with a thick black film.

The Russian oil industry was born and production quadrupled from 1873 to 1877 with Baku Oil, a joint-stock company, being formed to sell and produce a complete range of petroleum products. About this time time, Nobel Brothers Petroleum Production Partnership set about marketing Russian oil on international markets, where it was in competition with America's Standard Oil.

In 1899, the Nobel Brothers Partnership produced nearly twenty percent of

all Russian oil, almost ten percent of the world's oil production. At the end of the nineteenth century the Czarist Empire's oil production had exceeded that of the US for the first time with over fifty percent of world production.

Standard Oil launched a network of international subsidiary companies. In 1888 it formed the Anglo-American Oil Company in Great Britain, and in 1890 the Deutsch-Amerikanische Petroleum Gesellschaft in Germany, in which the Rockefellers owned forty percent of the shares.

Other American controlled companies followed suit setting up subsidiaries across Europe, biting into the Russian market. The Russian reaction was to redirect its exports towards the Far East, where, in spite of established American presence, its producers soon increased their market share to nearly fifty percent.

At that moment in time the first modern automobiles started to make their appearance on the roads of the US and Europe, as navies and shipping companies were converting their fleets to fuel oil. It was the start of new era and a race to capture markets and develop new resources that was to continue during the whole of the century ahead.

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In the last decade of the second millennium Russian oil fell into the hands of a small group of powerful oligarchs who in the process became staggeringly rich. However, with the arrival of Vladimir Putin and his clan the Kremlin set in motion a series of changes that would wrest control from the oligarchs in favour of state controlled businesses.

For those oligarchs who hesitated to heed the Kremlin's calls was the ever present threat of a Siberian prison cell, many of which abounded in Zabaykalsky krai and Magadan oblast in the Russian Far East, both of which had been at the centre of the Soviet Union's notorious gulag archipelago.

At the height of Stalin's purges more than five hundred prison camps had existed in the Magadan oblast alone, a desolate region where winter temperatures fell to minus fifty degrees centigrade. Almost the size of France in terms of square kilometres, it counted a population of just one hundred and fifty thousand souls, one five hundredths of France's. There, countless numbers of political prisoners died from forced labour, hunger and torture.

The oligarch, former head of Yukos Oil, Mikhail Khodorkovsky, one of Vladimir Putin's enemies, lived to tell the tale of his forced exile in Zabaykalsky krai, an inhospitable region, a frozen waste for most of the



year, near the Chinese border, after purging part of his prison sentence in one of its camps.

Russia had long been a nation used to violence. In recent times, following the fall of the Soviet Union, the Western press revelled in lurid stories of murder and violence in Moscow and Saint Petersburg, where each new day delivered its lot of bloody victims as rival interests fought for control of the Federation's newly privatised businesses and industries.

That was during the Yeltsin era.

Under Putin, however, the victims were the enemies of the state: journalists, whistle-blowers, dissidents and businessmen, who fell foul of the Kremlin. According to some estimates three hundred thousand people rotted in grim Russian prisons for financial crimes alone, many of whom were sentenced on the basis of trumped up charges by corrupt authorities, for reasons of vengeance, profit or to silence the accused.

Those same vast, empty, regions of Eastern Siberia had been exploited for their raw materials since czarist times. They were nothing more than vast mines, worked under the Communist regime by European Russians, most of whom were forcefully displaced. Since the dissolution, the populations of Eastern Siberia shrunk at an alarming rate, men and women voted with their feet, upping and heading west with their families by the tens of thousands. At the same time, under the wary eyes of Moscow, a steady flow of Chinese moved in, establishing themselves in the larger cities of the regions neighbouring China.

WANTED

It was Friday evening after markets closed when a news flash from Moscow announced Tarasov's holdings had been seized on instructions of the Russian Ministry of Finance. Suddenly, without the least warning, the City based INI Banking Corporation found itself seriously compromised, as one of its most important holdings, the InterBank Corporation, fell under the control of Russian authorities.

Moscow accused Tarasov of financial crimes and demanded London he be extradited to face Russian justice. To make matters worse the oligarch was posted as wanted on Interpol's website for fraud and tax evasion.

InterBank had invested heavily in Russian energy companies, financing exploration, production and pipelines, which had come under severe pressure following the collapse of oil and the rouble, increasing the risk of default on the loans contracted in the City through INI.

As the news broke the City panicked with the LIFFE FTSE Index Futures<sup>1</sup> sharply tumbling. The risk of a banking crisis suddenly loomed sending financial authorities in London scurrying into action.

As London switched into crisis mode, Michael Fitzwilliam was blithely enjoying a winter break on safari in Tanzania and by the time he was contacted the wheel of fate had already been set in motion. Saturday morning at number 11, Downing Street, the Chancellor had convened a Cobra<sup>2</sup> committee meeting to formulate an action plan.

Fitzwilliams arrived in London early Sunday morning and by time he contacted the Chancellor's staff the die was already cast. It was shortly after lunch time when the CEO arrived at the Treasury, where the Chancellor, whose weekend was already ruined, was irritable and little disposed to take into account the banker's apprehensions.

Fitzwilliams' tie up with Tarasov's bank in 2009 had ruffled a lot of feathers, not only in the City, but also in government circles. The Labour government, in the throes of what Charlie Bean, the then deputy governor Bank of England, called the 'largest financial crisis of its kind in human history', had given the green light to the deal against the recommendations of many financial advisors, but the Chancellor saw it as positive move in an otherwise grim economic climate.

At three, Sir Alec Hainsworth, chairman of City & Colonial arrived and without further formalities Fitzwilliams was read the sentence. He was to be offered up on the alter of expediency to avoid the risk of a Lehman style crisis, and was informed in other terms that his sacrifice would save the City.

The way in which the diktat was delivered, the banker, already tired after his long journey from a safari camp in Ngorongoro, numbed, in a state of shock, reacted like a condemned man. His plight was like that of Fred the Shred, the CEO of RBS, who had been unceremoniously booted out six years earlier after the liquidation of Lehman Brothers.

Fitzwilliam had desperately tried to contact Tarasov, who following the announcement from Moscow had disappeared. Kennedy was equally unreachable, gallivanting on a junk, off the coast of Hong Kong, somewhere in the South China Sea, thought Fitzwilliam bitterly, celebrating the Chinese New Year or something like that.

As he faced his inquisitors the banker felt small and very lonely in the large conference room. Presiding was the Chancellor, to his right the Governor of the Bank of England, and to his left the head of the City

Financial Authority, flanked by other high ranking Treasury officials. At one end of the table sat the executioner in the form of the Hainsworth, waiting for the sign.

The Secretary to the Treasury passed a document to the Chancellor who turned the pages, scanning them in a perfunctory manner, obviously familiar with the contents.

“Michael,” he said in a familiar almost kindly manner like a doctor about to announce bad news to his patient, “this is a memorandum that details the transfer of control of the Europa Bank Holding to City & Colonial in exchange for a recapitalisation and the issuance of preference shares, to the equivalent value, to the new shareholder, represented here by Sir Alec Hainsworth.”

He slide the document across the imposing table which dated back to the time of Gladstone. His hand remained on the paper as he continued: “Your resignation will of course be accepted and in exchange you will receive a generous compensatory package. Naturally your family shares will not be affected.”

Fitzwilliams was thunderstruck.

With no more ado the Chancellor stood up leaving the memorandum to the shocked banker.

“Needless to say, we are following the situation in Moscow very closely. Unfortunately Mr Putin is unpredictable, to say the least. It is easy to criticise the wisdom of your association with Mr Tarasov in retrospective, approved by our Labour predecessors, however, we are not here to judge, but to resolve the situation engendered by that arrangement.”

He paused, looking around for approval.

“I trust you gentlemen will conclude the agreement by,” he looked at his watch, “let’s say four o’clock.”

With that he quit the room leaving Fitzwilliams to face his judges, jury and executioner.

<sup>1</sup>. LIFFE FTSE Index Futures: London International Financial Futures and Options Exchange see Wikipedia for details

<sup>2</sup>. Cobra stands for Cabinet Office briefing room A

speed and determination of Moscow. Suddenly he was a wanted man, hunted by the Kremlin and its all powerful occupier. Like all Russians he had grown up in the knowledge that he could never win against the unpredictable, all present, corrupt state. It was a fact of life, like the Russian winter, that had to be lived with in the same way Russians always had.

Fortunately for Tarasov, British courts treated extradition demands from Moscow in such cases as politically motivated. A similar such case had been that of Boris Berezovsky, who was later found hanged in his bathroom under mysterious circumstances. Another was the demand for the extradition of Yevgeny Chichvarkin, which was deboted after he claimed his business had been seized by corrupt officials.

The banker's outspoken criticism of the governments programme, in which businesses exchanged their dollar reserves for rouble denominated government bonds, had angered the Kremlin and set in motion a smear campaign piloted by Andrei Azhishchenkov. Tarasov was accused of unpatriotic acts, bordering treason, including encouraging and facilitating capital flight.

Almost every Russian oligarchs owed his wealth to the privatisation of state enterprises during the period that immediately followed the demise of the Soviet Union. More by good fortune and opportunism, than by their skills, certain Russians, used to the brutal take it or leave it business environment of the Communist world, found themselves at the head of industries that were often monopolistic on a local, regional or national base.

Fortunes were made overnight. High ranking officials and self appointed political leaders took advantage of their power either by seizing businesses and markets for their own advantage, or that of their families and close friends.

Everything was up for grabs: natural resources, basic materials, refining and manufacturing industries, construction, banks, distribution, transport, food and drinks, the list was long. Combinats were dismantled, their different divisions grabbed by a hitherto unknown species of entrepreneur formed in the roughshod methods of the Soviet Union.

Tarasov had financed such entrepreneurs, one of which was the new owner of a huge industrial bakery plant, previously part of a vast virtually bankrupt industrial complex, a former Soviet combinat, which had dominated the life of a middle-sized town near Ufa. In the economic conditions that reigned in the early post-Soviet period, the combinat could

no longer fulfill the social role it had played under the old regime. Its dismantlement, or rather abrupt financial collapse, saw its multiple services handed over to any dynamic manager who seemed capable of running them on a viable business basis.

The banker provided the loans necessary to capitalise the business and soon the enterprising manager found himself sole owner of the town's only bakery with its buildings, equipment and workers, supplying tens of thousands with their daily needs. With hard work and careful management it was transformed from an inefficient loss making, socialistic style, production unit, into a thriving business. In the space of the three or four years that followed his takeover the baker became a rich man, expanding his market to nearby towns and villages without any real competition to speak of.

It was an extraordinary make or break moment for such men, and Tarasov himself had been one of them.

However, many of the changes that had taken place since the dismantlement of the Soviet Union were superficial and corruption was rampant in all its diverse forms. Material improvement had come for many, mostly those in Moscow, Saint Petersburg and large cities. Home ownership, cars, foreign holidays became common place on condition the economy prospered. Regrettably, the economy of the Federation had not evolved, in reality industry withered, as the country became even more dependent on commodities, that is to say oil, gas, basic chemicals and minerals, leaving it vulnerable to the caprices of global commodity markets.

When the crunch came, those who could get out, and those who could not, ordinary Russians, hunkered down, waiting and hoping life would improve, a long tradition in Russia.

Tarasov in his soul was like any other Russian and behind his brash style was the dread of the age old Russian demon that came with a knock on the door in the depth of the night. Perhaps the demon had changed, abandoned his trademarks: his heavy leather coat, a fedora pulled down over his forehead, but the result was no less brutal and the prison cell as hellish as ever.

He feared assassins in the pay of the FSB who stalked the enemies of the Kremlin. He had known others and had lived in their shadow for over two decades. As a young banker, in Yeltsin's days, bodyguards watched over him day and night as bankers and businessmen were gunned down in broad daylight on the streets of Moscow, when gunslingers walked the streets

when assassination, kidnapping and extortion were rife.

Gangsters were paid to eliminate business rivals, to settle debts, rival underworld groups fought over almost everything. Casinos sprung up everywhere and gang warfare went with the business. There was so much money to be made from gambling, nightclubs and prostitution that Tarasov's bank worked overtime, laundering the vast sums money that flowed in, most of which was converted into investments in real estate.

Just like Wyatt Earp, Putin's no nonsense methods changed all that. He had the most unruly criminal elements run out of town, and in Moscow and Petersburg the Bratva withdrew from sight into its sinister world. At the same time banks cleaned up their game and turned their attention to financing aboveboard residential and commercial property development as the economy boomed.

As his wealth grew and in spite of an improved climate of security in Moscow, Tarasov's security team was reinforced, their role was to watch over him and his family around the clock, protect his multiple residences, offices, motor vehicles, jets and yachts, travelling with him wherever he went, vetting those who met with him, securing the hotels and places he visited.

In London it was different. There he discovered he could walk the streets in Chelsea or Knightsbridge with little risk of danger, though he took the precaution of not openly displaying his wealth, unlike certain of his countrymen who flashed their money around with high profile receptions and in extravagant nightclubs.

Tarasov's most urgent task was to protect his family before the news broke and the media circus arrived. He informed his housekeeper they would be spending the weekend in Dorset, where he owned a property in Poole. Then, with his wife Kseniya and their two young children, they discretely quit their Knightsbridge home.

To avoid arousing suspicions they packed no more than a couple of overnight bags with the children's usual affairs. Tarasov switched off his mobile and removed the SIM card. From his safe he took a couple of new unused phones; a ready prepared envelope containing passports, driving licences and other essential documents. In addition he took a substantial sum of money: pounds, dollars and euros as well as three credit cards registered to offshore accounts.

George Pyke, his loyal head of security was alerted and informed by Tarasov of his plans. Under a veil of the strictest security Pyke set up an

invisible round-the-clock vigil, posting his most trusted men, armed and ready for action, to watch over the oligarch and his family. The oligarch's security was not to be taken lightly after the murder of Alexander Litvinenko in London and more recently one of the most Kremlin's outspoken opponents, Boris Nemtsov, on a Moscow street just one hundred metres from the Kremlin.

Tarasov had his driver deliver the Land Rover to the front door and help put their affairs in the rear, it was as though the family was taking off for a weekend break. Then with no more ado his housekeeper and driver politely waved goodbye and he turned out into the Knightsbridge traffic and headed for Chiswick and the M4.

The oligarch had never had the least illusion as to risks great wealth and the power it engendered, financial power that is, a position that provoked both jealousy and envy in high spheres where courtiers vied for influence and the prince's favour.

Tarasov had witnessed how others, who had been equally privileged members of the prince's inner circle, had suddenly fallen from grace. The court of the Kremlin was fraught with as many dangers as that of a medieval czar's.

Hardliners, like General Alexander Bastrykin, part of the select circle of siloviki<sup>1</sup>, known for their hard attitudes and brutal methods, would show no mercy. Bastrykin, an opponent of democracy, civil rights and what he described as pseudo liberal values, saw the fall in oil prices and the devaluation of the rouble as part of an ongoing plot against Russia and men like Tarasov as instruments of the West.

Bastrykin, responsible for the investigation of serious crime, favoured the criminalisation of denial of the Crimea's annexation, and he saw Tarasov, a partisan of a negotiated settlement, as a traitor, who should be given short shrift.

Tarasov did not take the Newbury exit, but continued west along the M4. Four hours later they arrived in the small port of Fishguard situated on the Welsh coast, where he booked a passage on the next ferry for Rosslare in Ireland. He registered as Henri Pijsselman, a Belgian national resident in the Republic of Ireland. At immigration he presented Belgian passports for his family and was waved through without any further formality.

His flight had been carefully planned. Early on in his career, Tarasov's now defunct protégé, Nikolai Yakovlevich Dermirshian, a brutal gangster, had warned him of the dangers that stalked men in his position and the

unquestioning need of a plan B, an échappatoire, which could be instantly put into effect in case of imminent danger.

At the first hint Vladimir Putin's rule hardening, Tarasov had quietly set about establishing an offshore safe haven for his family. If things ever went badly wrong in Russia, or if a confrontation such as with the Ukraine got out of hand he had much to lose.

Thus in 2011, after a quiet visit to Ireland, in the company of his close friend, Steve Howard, in whom he had an implicit trust, he bought a large country house on the banks of the Shannon to the west of Limerick City, registered in the name of an offshore company based in Panama. Apart from serving as a very private retreat for breaks with his family and very close friends, it was a safe house, equipped with all essential needs, on permanent standby, for an extended family stay.

<sup>1</sup>. Powerful former members of the state's security apparatus, KGB, GRU, FSB and SVR.

## SHALE

Barton was not an advocate of Paul Samuelson, Nobel Prize winner for economics in 1970, who had said: Investing is like watching paint dry or grass grow. If you want excitement go to Las Vegas. Investing for Barton was a fast moving game, though he never saw it as gambling. It was an art of considerable skill where the pros and cons were carefully weighed, and the moves fast.

However, before getting into shale oil and gas he had hesitated. The risk of a bubble was definitely there, but after discovering China he knew alternatives to conventional oil had to be developed and the only one of real promise to an individual investor like himself was in unconventional sources. His investment of a quarter of a million dollars in a US shale oil and gas producer had doubled in value in a little under a year in an almost incredible reversal of American fortunes.

The US, already one of the world's leading producers, was on the point of becoming a net exporter of oil and gas, releasing it from the trap of Middle East energy suppliers. High oil prices had stimulated the development of new extraction technologies, which increased its exploitable oil reserves almost overnight.



On the negative side was the real possibility of an oil glut as markets sought to develop alternative sources of supply. Geopolitical risks were on the increase and energy independence became primordial. The Arab Spring instead of bringing peace and democracy had transformed the Middle East and North Africa into a bloody war zone. Libya had become a dysfunctional state of warring factions, Egypt had fallen under the control of a new military strongman, whilst Iraq, Syria and the Yemen burnt.

Barton could not have been described as a novice in investing. But he was, or had become, a risk taker. It was however untrue to imagine he had decamped because of recent losses: not only were they modest, but he could afford them. His decision was more to do with his disgust after the debacle at INI, as well as the ensuing media attention which had troubled him.

It was not the first time he had dropped everything and cut loose, which was not, contrary to what could be imagined, the simplest response to the ambient problems, but it was expedient. It took a certain amount of audacity, and money, to drop everything and set out to in search of a different world, for that's what it was. Beyond that Tom Barton realized deep down he had a certain predilection for adventure.

But life did not only consist of adventure, there were obligations and a certain number of those he had admittedly left in suspense.

Having bet on shale oil and on Russia, his winning streak had come to an abrupt end, in the same way as it had for those he had often disdained as being naive, those who had taken out unreal mortgages, who had spent extravagantly on consumer goods and luxuries: the 'chaves', as they were frequently described. Was he not one of them now? He felt the need for purification, a fresh page, financed of course from his rainy day accounts beyond the reach of the taxman and society's other distasteful executors.

Perhaps he was a prudent man, a contradiction in terms, considering he was about to plunge into the unknown.

His ideas were vague. He knew next to nothing about Colombia, beside its infamous reputation as a producer of cocaine, its battle against the Farc guerillas and its all pervading violence.

From there he would perhaps go north to Central America, or perhaps head south to Peru or Brazil. But first, he would to see what Colombia held.

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"Fired!" Lili exclaimed incredulously.

Pat pointed to the TV and turned up the volume.

The same Bloomberg anchorman was in duplex with a political journalist reporting from the steps of Bank of England, a stone's throw from the INI's headquarters in the Gould Tower. The anchorman was interrupted by a news flash from the pressroom at 11, Downing Street, where the Chancellor of the Exchequer was reading a statement:

As of today February 23, 2015, City & Colonial, in accordance with a decision of Her Majesty's Government, the Governors of the Bank of England and the Financial Services Authority, a plan has been approved to inject fresh capital into the INI Banking Corporation plc, to put it on a sound footing following the difficulties it has recently encountered, notably loan defaults in Russia, and the changes implemented by the Russian government relative to the management of the INI Holding's partner bank in Moscow.

The Chairman of Europa Bank Holding plc, has tendered his resignation and that of his board of directors, which is effective forthwith. As of today the INI Banking Corporation and its holding, are merged with City & Colonial Holdings plc.

INI will continue its everyday business as normal, functioning as a subsidiary unit of City & Colonial. The interests of INI's clients will be assured one hundred percent. The same goes for its personnel.

The Chancellor went on to commended Michael Fitzwilliams for his cooperation with the financial authorities, which permitted the Bank of England to take the measures necessary to protect the interests of the UK banking sector as a whole.

A flurry of questions followed as reporters pressed forward. To their disappointment the Chancellor simply added a dry: "Thank you gentlemen." Then wearing his usual enigmatic smile added: "Good morning."

By magic the press-room door behind the Chancellor opened and he was gone.

It was in effect a takeover and Michael, his fucking friend, had left him in the lurch.

Lili's eyes filled with tears as she tried to console her husband.

'What will you do Pat? I mean is it legal?'

Lili as a lawyer and was trying to fathom the meaning of the news in professional terms.

"The first thing is to see how it affects us here," said Pat angrily. "That stuck-up feeker from City & Colonial told me not to come in, but the bank here is only owned in part by INI London, the rest belongs to us ... your

family and myself.”

“You’re right Pat. I’ll call my brother.”

“Then there’s Tarasov.”

“Tarasov?”

“Yes, the Russian bank is an independent entity, separate from London. The Chancellor said something about the Russian government? In any case there’s some cross holding, but I can’t remember the exact details. We’ve been screwed .... Is Fitz part of this feekin set-up?”

Lili dabbed her eyes.

“Right. Let’s go.”

It was a short drive from the Peak down to Central and the Jardine Tower, where their driver dropped them off. Once inside the cavernous lobby of marble and stainless steel Kennedy spotted a group of reporters at one end of the long range of the security turnstiles on the look out for news.

Using their magnetic cards the couple slipped through unnoticed on the furthest side.

They took a lift to the 38th floor, where they were forced to push through a crowd gathered before the double doors leading to the bank’s suites. Once inside they were met by an anxious receptionist who pointed them to the main conference room.

“There are two men from City & Colonial here,” she warned them.

“They’re with Brian Leung.”

“Where’s Angus?”

“He left for Shanghai on an early flight.”

“Shit.”

Pat, his face set in a grim expression, pushed open the doors and strode in unannounced.

“Good morning gentlemen, I’m Pat Kennedy, how can I help you?”

Two Brits in banking style attire looked up from the papers spread out before them their faces evidently startled by Kennedy’s brusque manner.

The older of the two, in a blue pinstripe, stood up and pompously announced he was from City & Colonial.

“We’re here to facilitate the transition Mr Kennedy.”

“I don’t care where you’ve feekin come from. I want you out now or I’ll have security throw you out.”

“But ... but ...’

‘There’s no ifs or buts. Out!’ shouted Kennedy pointing to the door and nodding to the security guards to show them to the lift.

The pinstripes were not about to get into a brawl. With an abashed look they hurriedly shuffled the papers before them together.

‘I’ll take those,’ said Kennedy pointing to the door.

‘We’ll be back,’ threatened the older pinstripe.

‘Over my dead body. Out!’

Pat then ushered the bank’s own administrative staff out whilst waving Brian Leung, the assistant director, to remain and closed the doors.

‘So Brian,’ he said softly, ‘what did those two clowns want?’

Leung was shaken, in a sweat. ‘They said we’re now part of City & Colonial.’

‘Did they have any identification?’

‘The younger of the two was from the City & Colonial legal department. He said they had instructions from London to coordinate organisation and management changes.’

‘I see, in their pig shit ignorance they jumped the feekin gun,’ Kennedy said half talking to himself.

‘Okay Brien, don’t worry, they won’t be back in a hurry. Lili call Gordon Cheung at Applebys, tell him it’s urgent we need him over here at once. Then try to get Angus MacPherson on the phone.’

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It had been a bumper year for the INI Group<sup>1</sup>, 2014 had produced record profits, which quite naturally went hand in hand with hugely generous rewards for its directors and staff. The same went for the bank’s property funds which were riding on all time highs in London’s prime and super-prime property markets. Never had the capital seen such a boom as commercial and residential property developments sprouted like mushrooms along the banks of the Thames.

The New Year celebrations continued as the bank’s heads: Michael Fitzwilliams, Sergei Tarasov and Pat Kennedy were showered with rewards. Shareholders saw a rise in dividends and share prices rose with the stock market. Hedge fund managers like Tom Barton hit the jackpot. Young up-and-coming faces like Liam Clancy pocketed mind bogglingly bonuses.

All in all INI, in spite of the problems brewing in Moscow, had never had it so good. In its short existence it had become a shining star among the one hundred and fifty banks in the City’s financial cosmos, which included

the five large retail banks, private banks, investment banks or trusts of different kinds, as well as small Punjabi, Turkish or Chinese banks. Beyond those there were many more structures present, but which were incorporated outside the European Economic area, and authorized, or not, to accept deposits.

To the masses of ordinary commuters that poured into Liverpool Street, Fenchurch Street and London Bridge railway stations every morning on the way to their desks in the City's vast financial machine, the men who ruled over them were gods, all but invisible, that is apart from photos in brochures and company magazines, and the rewards bestowed on them were fit for gods, akin to the treasures of heaven.

Those at the summit, the Fitzwilliams' and Tarasovs, counted their gains in tens of millions, paid for by speculative investment in property, commodities, the rise and fall of markets, Forex dealings, gold, and of course the management of wealth funds designed to further enrich the already fabulously rich individuals who controlled the companies that pumped oil, mined gold, diamonds, copper, iron ore, bauxite and other minerals, or failing that pumped their respective countries and fellow citizens for all they were worth.

In the pantheon of winners stood Tom Barton, who banked over ten million a year, a prodigious sum of money, guaranteed by the terms of his generous earnings related contract as head of the very successful Europa Property Fund. Even junior managers such as Liam Clancy, the young protégé of Pat Kennedy, pocketed a cool half a million pounds a year.

<sup>1</sup>. Irish Netherlands InterBank

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In his Knightsbridge home, Michael Fitzwilliams slept in an armchair before the TV. He had spent the best part of the previous twenty four hours trying to save his bank. Over the course of nearly a century his family had built the institution from an almost insignificant provincial Irish savings bank to a worldwide multinational banking corporation.

The bank, known as the Irish Union Bank at its outset, had survived the Troubles and the Second World War. In 2000, Michael Fitzwilliams succeeded his uncle David Castlemain as the bank's CEO, who was lost with his yacht in a hurricane off the coast of Cuba. Over the fifteen years that followed, Fitzwilliams successfully guided the bank through a series of

financial crises: the dotcom crash, the Lehman Brothers collapse and the UK banking debacle. Now, suddenly, in the space of twenty four hours, all his work had come to nothing. Almost inexplicably he had lost control of the family bank.

What seemed certain however, was that Kennedy had a lot to answer for, as it was he who had engineered the tie with the Russians.

Fitzwilliams woke with a start. It was a new day. Theoretically at fifty five he still had many good days and years ahead of him, but doing what? It would take some time to untangle himself from INI, but first was his so called compensation package. He had at least ensured the promises made the previous day were put down in black and white and signed by the chairman of City & Colonial, approved by the Governor of the Bank of England and the Chancellor; the result of hours of negotiation, a rearguard action to avoid the humiliation of finding himself in his socks on the steps of Her Majesty's Treasury on Whitehall late on a Sunday evening.

In the space of a few days the bank had taken two devastating hits. First, the Russian oil giant, Yakutneft, had violated covenants on a five hundred million dollar bond by defaulting on its payment. That in itself could have been resolved by renegotiating the conditions of the loan, the trouble was that Yakutneft was not alone. Second, the InterBank Corporation, the Russian arm of the INI Banking Corporation's holding, was shaken by the seizure of Sergei Tarasov's interests by the Russian Ministry of Finance amidst accusations of fraud and corruption.

InterBank's situation had been fragilised when it was forced to convert part of its dollar receipts into roubles to support Russia's troubled currency. Then, when the Minister of Finance decreed the bank participate in a bond issue to compensate for the state's shrinking revenues, Tarasov refused, pointing to the losses engendered by Yakutneft's default.

His enemies retaliated by citing his considerable offshore assets, which he was summed to repatriate. His refusal was not only seen as unpatriotic, it was nothing short of treason. The FSB responded by accusing Tarasov of tax evasion and misappropriation of the bank's funds for his personal gain.

In London the Financial Services Authority had been closely monitoring the situation after being informed of the Yakutneft default by INI's compliance officer, a standard procedure, in accordance with statutory regulations.

Earlier the same week, at a Kremlin reception for the Orthodox New Year, the British ambassador was discretely informed of the risks Tarasov faced

relative to accusations being formulated by the Ministry of Finance. Late that same evening a coded dispatch was sent by the British Embassy in Moscow to the Foreign Office in London and the following morning, the Minister of Foreign Affairs personally informed the Chancellor of the news, who in turn passed it on to the FSA in the City.

Events were accelerated when the Chancellor was handed an urgent dispatch at breakfast time the following Saturday morning, informing him charges against Tarasov had been formalised in Moscow.

The immediate risk was of a chain reaction and major losses in the City. INI had become too big to fail and the Chancellor deemed an intervention by the Bank of England necessary. After a series of rapid discussions with the Economic Secretary of the Treasury and Bank of England officials, a merger with a larger group was seen as a solution, thus avoiding the risk of a serious banking crisis at a critical moment in the political calendar.

With a general election only five months off, the Chancellor consulted the Prime Minister, who instructed him to take prompt pre-emptive measures. A shotgun marriage dressed up as a City deal was decided in the best interests of Her Majesty's Government and the City.

Sir Alec Hainsworth, CEO of the City & Colonial Banking Corporation, was summoned to the Chancellery for an urgent meeting later that morning and before Fitzwilliams could have his say the INI Banking Corporation was sacrificed on the altar of political expediency.

Fitzwilliams reran the film of the last twenty four hours over and over in his mind. The question posed by the Governor of the Bank of England as to how Fitzwilliams had allowed the bank to overextend loans to the Russian oil and gas industry, returned with unfailing regularity. INI led a series of banking pools that had provided extensive loans to Gazprom, Rosneft, and above all Yakutneft through the intermediary of Tarasov's InterBank Corporation, which managed the loans in Moscow.

There was nothing questionable about the loans, neither in the manner in which they were structured, nor in the way they were managed, after all that was a City bank's business, its stock in trade. But the total of the sums raised was prodigious. INI had bet big on Russia, but not only on gas and oil, the bank had also extended important loans to Russian promoters for prime residential and commercial real estate developments in Moscow and Saint Petersburg.

During the first four years the joint venture had prospered and profits soared. But the bankers had not counted on the ambitions of Vladimir Putin,

whose visions of a Greater Russia belonged to another age.

Wild thoughts started to flow through Fitzwilliams' mind. Where was Tarasov? Why he had fallen foul of the Kremlin? Had he used Kennedy's naivety to infiltrate the bank? Was Howard, or perhaps Barton, his agent? Why had he himself been blind to their machinations?

In retrospective who could have imagined the collapse of oil? Putin's Russia had surfed the energy boom, apart from a brief hiatus during the crisis that followed the collapse of Lehman Brothers, it seemed as though nothing could stop its progression. Putin's Russia had been the darling of Western energy consumers and markets, supplying oil at one hundred and fifteen dollars or more a barrel.

During those breathless years Russian oligarchs had dazzled the world with their yachts and extravagant living styles, even the less rich entrepreneurs from Moscow and Saint Petersburg could be seen lavishing their dollars on high living in St Moritz, Megève and on the French Riviera. They had bolstered London's prime property boom, invading the capital, earning it the sobriquet of Little Russia. As many as two hundred and fifty thousand Russians lived in London, though of course not all were billionaire oligarchs, but their love of luxury and high living projected an aura of wealth.

To Fitzwilliams' mind it was the bloody events in Kiev's Maidan Nezalezhnosti, Independence Square, that had started it all, antagonising Putin and casting a shadow on his Winter Olympic extravaganza in Sochi.

Then came the invasion and annexation of the Crimea followed by sanctions, which at first seemed like nothing more than a face saving display by Europe, but slowly they began to bite. To pile on the bad news the first signs of an oil glut appeared in August and prices began to slide, slowly at first, then as the year end neared they collapsed into a withering spiral.

## A FUGITIVE

As London's High Court of Justice considered the Russian Ministry of Finance's demand for the arrest of Tarasov, on charges of fraud and embezzlement, his lawyers protested, informing the surprised court that Tarasov was an Irish citizen and the Russian demand had no legal bearing.

At the same time Moscow's attempt to seize his overseas assets was met



with a wall since it had no power in the offshore jurisdictions where most of the oligarchs investments were held via a cascade of screen companies, which did nothing to reduce the threat of physical harm to him or his family, part of a real and well defined pattern of retortion against businessmen decreed as enemies of the Kremlin.

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It was during the chaotic period that followed Gorbachev's departure Sergei Tarasov first met Putin, then a middle level functionary in post-Soviet Leningrad, yet to become St Petersburg.

Putin worked for the then mayor of the city, he held a Phd in economics and had recently returned from what was then East Germany where he had served as a KGB colonel. He was a pure product of the USSR, born in 1952, and had grown up during Khrushchev-Brezhnev period, at the height of the Cold War. Order, hierarchy and organization, combined with a sense of duty and service to Mother Russia, were the values he had been taught to respect.

Tarasov remembered a conversation with Sergei Pugachev, another oligarch who had been close to Putin in his early years, but had since fallen out of favour. Putin had confided to Pugachev he had no ambition to stay in power and that his real goal was to get rich, however, as the end of his first term in office approached he began to fear what might happen if he left the Kremlin.

At the time Tarasov had put that down to idle court chatter, speculation. But a decade later Putin was rich beyond all imagination, a popular, unquestioned, all powerful, incumbent autocrat, who possessed Russia like the czars had before him.

Only a fool would step down. Like Stalin, Brezhnev or Mao he would remain in power until he died.

The question that remained was why had he, Sergei Tarasov, fallen from grace? It seemed to him it was not only his ideas, but his banking partnership with Fitzwilliams, which had not only provoked jealousy, but had also generated a powerful conduit out of Russia: a form of independence, which set him on a collision course with Putin, who apart from expecting nothing less than complete subservience, had lost control of the oligarch.

However, Putin was not alone in the Kremlin as Kalevi Kyyrönen had once explained to John Francis, with the enigmatic words: there are many towers in the Kremlin.

Since those early days in Petersburg, the ex-KGB man had radically changed. He had surrounded himself with his own confidants, old KGB pals, men like himself, and others whose vision looked to the past rather than the future.

As an individual, Putin inherited many of the traits of his Soviet predecessors and those who fell into his bad books were stripped of their privileges, banished, imprisoned or liquidated. His rule was intolerant, unforgiving, forgetting and vengeful.

Prior to the Ukraine crisis, Putin had the choice of liberalising his country, or advancing his personal dream of a Greater Russia, a vision that consisted of bringing the former members of the USSR together in an economic union, restoring the Kremlin to its former power vis-à-vis the West and its standing in the eyes of China and the developing world.

He chose the latter.

However, an unfortunate conjuncture of events derailed his ambitious plans. A collision of circumstances, starting with the Ukrainian crisis. As China's long predictable slowdown unfolded, commodity and oil prices fell as a consequence of falling demand and oversupply, exacerbated by the sudden explosion of US shale oil production, all of which landed the Kremlin in a situation where its oil linked revenues could no longer accommodate its leader's ambitions.

The outcomes of listening to his hard-line cronies came at the cost setting Putin on a collision course with the West.

A situation which disappointed Tarasov, who had tried to warn his political friends in London of the dangers. But Westminster persistently misread the man in the Kremlin, mistakenly believing concessions would lead to compromise. Putin, however, saw compromises as victories.

As he put it in Sotchi: 'All states have always had and will continue to have their own diverse interests, while the course of world history has always been accompanied by competition between nations and their alliances. In my view this is absolutely natural.'

## BLEAK HOUSE

The Stena ferry, Europe, docked in Rosslare at six thirty in the evening after a crossing of four hours. The Pijselman family checked into the Talbot Hotel, in Wexford, twenty kilometres from Rosslare Harbour. It was

January, damp and cold, the peak of the low season. Fortunately the hotel, not a five star palace, was modern, well appointed and well heated. After an early diner the family retired to their two bedroom suite.

The next morning after a solid Irish breakfast they set out for Limerick, a drive of three hours across the rolling winter landscape of Kilkenny and Tipperary. Tarasov felt a huge weight fall from his shoulders taking in the villages and farms that rolled by as Kseniya cared for their two children in the back of the spacious Land Rover.

It was one in the afternoon when they arrived in Limerick City, the sky was overcast and the streets glistened after a brief shower. Tarasov called the housekeeper announcing their arrival and asked her to prepare lunch. Then after consulting a map he took the road for Foynes and a few miles further turned onto a small country road not far from Adare. Five minutes later they entered the gated driveway of a large late Georgian period country manor, which Howard had jokingly called Bleak House.

The fully renovated historic property was situated on high ground surrounded by a country estate composed of rolling woodlands and fields overlooking the Shannon River. The two hundred acre property had few neighbours, guaranteeing its occupants privacy and tranquillity.

The fourteen room house offered the Tarasovs genteel living far from the threats and dangers of Moscow, and prying British media, which would have mercilessly hounded him, as it had with certain of his less fortunate compatriots.

From the wintry Irish countryside the banker could now consider his future, how he would reorganise his life, which far from being triste was assured by the wealth he had put beyond the reach of the sinister claws of the Kremlin's vultures, in a diversity of offshore accounts and holdings: if there was one thing Tarasov had learnt as a banker, it was to protect his own money.

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The only time of the year there was ever any real activity at the grand house was in the summer when he arrived with his wife and children for a quiet break, or in October when he organised a shooting party for a handful of his intimates.

Pheasant shooting and fly fishing in Ireland had become part of Tarasov's gentlemanly life style, which he had been introduced to by Michael Fitzwilliams in happier times; assiduously emulating the aristocratic banker.

The house, which sat on a low lying hill overlooked fine lawns and the

rolling landscape of County Limerick, had been restored and transformed into Tarasov's personnel shooting and fishing estate. It lay a good distance from the main road and was separated from the surrounding countryside by tall trees and hedges in a region where the locals were noted for their discretion.

The centre-piece of the house was a large hall which in bygone days had seen many celebrations when the gentry were invited to fête birthdays, family marriages and for New Year balls. Meals were served in a traditional country home dining room from which guests could retire to a smoking room complete with a huge period fire place.

Tarasov enjoyed the master suite whilst his staying guests were accommodated in finely appointed bedrooms complete with en-suite bathrooms.

To the back of the house, shielded from view by high hedges, were the stables and outlying houses which were accessed by a service driveway from the Limerick-Tralee road.

In normally times Tarasov had flown into Kerry Airport on his private jet, a small airport where he could discretely come and go without attracting unwanted attention. It lay approximately halfway between Bleak House and Dingle, a small and picturesque harbour town, where his yacht Cleopatra was anchored in summer for family cruises around the south coast of Ireland. Dingle was far from the haunts frequented by the jetset, a couple of hours by road, or a thirty minute helicopter hop from Bleak House.

The Cleopatra had the added advantage of being a moveable hideaway if ever things got to hot, as the life of a Russian oligarch could be fraught with dangers.

Tarasov selected his guests carefully, few were the Russians who had visited his Irish home. Apart from the summer breaks and October shoot were the Listowel Races, when Fitzwilliams' wife Alice, a well-known racehorse owner, and friend of Kseniya and her family, came down for the event. Other than that the vast house lay empty for most of the year.

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Unlike his compatriots he had the means to secure a safe haven far from the leaden clouds that were descending on Russia. Tens of millions of ordinary Russians who had taken out loans during the boom years, not only faced crippling debts, but also job losses, and banks, after having distributed mortgages and consumer credit with few questions asked, were facing a mountain of bad loans.

Russia recovered from the 2008 crisis when the demand for energy and raw materials rose as China pursued its phenomenal growth trajectory. Energy and commodity prices climbed at breakneck speed boosting Russia and the others Brics. However, most of what followed, in Russia's specific case, was of the Kremlin's own making, instead of steering the economy towards recovery Putin embarked on a series of dangerous adventures: the extravagance of the Sochi Winter Olympics; his unflinching support of the Syrian dictatorship; the annexation of the Crimea; fomenting war in the Ukraine's frontier regions; and pouring vast sums of money into his sabre rattling military budget.

The music stopped when oil prices collapsed and Western sanctions closed the door to financial markets, forcing the Bank of Russia to spend its reserves propping up the hard hit rouble.

It was no wonder men like Tarasov were disillusioned with Putin's regime, their hopes turned to ashes and a feeling of bitterness as his policies threw their ambitions to the wind. Ordinary Russian supported Putin's bravura, but as the crisis started to bite their pride turned to fear as businesses slashed hours, laid off workers and cut wages. They were feeling the pain of capitalism and its hard rules, compounded by the unrealistic imaginings of a modern autocrat cut off from reality by fawning oligarchs, and woe betide those who failed to respect the unwritten laws of his realm, rich or poor, as Tarasov learned, owed their total loyalty to the Kremlin's strongman and his selfserving clique.

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The massacre at the offices of Charlie Hebdo diverted the attention of the entire world to Paris. All other news was relegated to the back pages, as for television all other events were eclipsed.

It was Charlie Hebdo around the clock, only the football results got a brief peek-in as the events of the day and the week were run and rerun to the point viewers were mesmerised by the horror.

Never had there been a better moment for Her Majesty's Government to brush the INI grab under the carpet as Britons were concentrated on the images of their Prime Minister elbowing his way down boulevard Beaumarchais in Paris alongside an attractive blonde - who viewers soon discovered was Helle Thorning-Schmidt, the Danish Prime Minister.

Meanwhile, back in London, the Chancellor finished sewing up Michael Fitzwilliams. Faced with serious losses, INI had effectively been undercapitalised with little hope of help from its owners, starting with the

Fitzwilliams family.

As for Tarasov, he had gone to ground.

Moscow wasted no time and following the example of London, put INI's Moscow unit under the direct control of the Bank of Russia, which was not about to help bailing out Fitzwilliams' City of London bank.

The pressure on the British Chancellor was twofold. The INI Banking Corporation, was not the only UK bank to be feeling the heat from the commodities slide. Another bank, more important, was also facing serious difficulties: Standard Chartered. This in addition to the election calendar explained the government's rush to prevent contagion. Standard Chartered was looking at four and a half billion dollars in additional provisions and the need to raise billions in fresh cash from investors. It was significantly larger than Fitzwilliams' bank with assets of six hundred and fifty billion pounds sterling.

INI looked good on paper, but it was in fact highly fragmented. Its very recent creation had not allowed Fitzwilliams the time to consolidate its different and dispersed holdings, which were dotted across the globe: Dublin, London, Amsterdam, Moscow and Hong Kong. In addition were the Fitzwilliams family held offshore banking interests in the Caribbean.

As far as the Governor of the Bank of England was concerned the only solution had been recapitalisation and the only suitable candidate in his view was the City & Colonial, ranked amongst the world's top ten banks, which could absorb Fitzwilliams' bank without indigestion. Sir Alec Hainsworth, CEO of the City & Colonial, saw his intervention as a favour to the government, a means of leverage on David Cameron, the Conservative Prime Minister, and his campaign to keep Britain in the EU.

From Hong Kong, Pat Kennedy regarded the City & Colonial and Standard Chartered banks as heavily over-engaged in Chinese and in Asian markets, and both ran the risk of serious exposure if the Chinese economy got into real difficulties as many expected it would.

Given the risk of political and economic changes in Hong Kong, the Peoples Bank of China would call the shots, and if ever the former colony's status was modified by Beijing, for example in favour of Shanghai, the London based banks would be hurt, whereas INI Hong Kong, which was effectively a local bank, would see its status enhanced, opening up vast possibilities in Mainland China.

Western governments functioned on short term agendas, the next election always in view. They did not have the luxury of an arranged result as was

the case of Moscow or Beijing. The UK parliamentary calendar meant the Prime Minister's present considerations were short term, very short term. With a general election just four months away, the outcome of which was more than uncertain for the incumbent Tory government, risks were to be avoided at all costs.

Hainsworth, recently appointed CEO of City & Colonial, had been chosen for his strong City background, however, critics saw him more as a company man than a strategist, and lacking sufficient international experience. His nomination, was a marked change from the bank's previous appointments: men with solid backgrounds in East Asia.

Beyond political considerations, Hainsworth's interest in INI, lay in the good profitability of its different units, and its valuable property portfolio in London. Moscow was another kettle of fish. INI's link-up with InterBank had been promising and to his mind the default of Yakutneft could have been avoided with a little flexibility on the part of Tarasov. What Hainsworth did not see however was the Kremlin's machination to bring down the oligarch. His experience with Russia was extremely limited to say the least. Sanctions he perceived as being essentially the work of Washington and imagined, given the weight of City & Colonial, he could with a few shrewd manoeuvres circumvent these, finding a mutually profitable arrangement with Moscow.

As a banker Hainsworth viewed political meddling as non-productive to profit making, though in this particular case it suited his plans. In his view the Kremlin would welcome a positive solution to a problem they saw as being of Tarasov's making.

All in all the windfall, as he called it, was not a bad deal for City & Colonial, and the recapitalisation of INI could be balanced by the sale of its business activities that did not fit in with his plans. The effect on City & Colonial's balance sheet, considering its assets of nearly two trillion pounds sterling, would be inconsequential.

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Fitzwilliams felt as if he had been mugged. He shook his head trying to see things objectively. The first positive note was the realisation his own wealth remained relatively intact. The difference between him and other fallen bankers, he concluded, was that he and his family owned significant blocks of shares in the diverse entities of the banking group, unlike for example Fred the Shred at RBS, who had in simple terms been nothing more than a hugely paid employee of the bank, like most other banking

heads. "Including that fucker Hainsworth of City & Colonial," he mumbled to himself.

That Monday morning he belatedly called James Herring, his longtime friend and lawyer. Herring's mother had hailed from Cork, which made James fiercely Irish, an ambiguity in view of the fact his father was as English as they came, and who in his time had headed a well-known Oxford law firm.

Herring, a born fighter and strategist, had been astonished when Fitzwilliams recounted the details of his previous day at the Chancellery and the way Fitzwilliams had let himself be drawn into the trap without even consulting him. Perhaps Michael had been stressed by the suddenness of events, or simply too tired after his long journey back from Tanzania, more probably both.

First of all there was the question of legality, whether the takeover was within the rules of law, then came Tarasov, the Yakutneft deal, the role of the Russian government and the charges of fraud and tax evasion, all of which posed the problem of Fitzwilliams' position as the legal head of bank and the risk of his being accused of aiding and abetting unlawful tax evasion.

Herring would need time and in the meantime suggested to Fitzwilliams he take a break, avoid the press, get away from it all, somewhere where Herring could be easily contact him as he built his case. It would not be easy, City & Colonial was a giant and was backed by the country's most powerful institutions.

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To Fitzwilliams' uncontrollable chagrin he had been forced out of his position as chairman in a bloodless coup, mounted by transient politicians, government functionaries and a predatory banker.

Looking at Bloomberg, saw the Footsie 100 share index had fallen a little less than one percent and INI just under five percent. Not that big a deal in terms of market reaction, he noted grimly.

If Michael Fitzwilliams had been eschewed of his position as chairman of the group, the Fitzwilliams family still had their word to say in the London bank and to varying degrees in the bank's different holdings, most notably in the Dublin entity. However, they did not have a controlling interest in any of these.

As to its holding in INI Hong Kong Ltd, London did not own the controlling interest, though with 26% of the shares it was marginally the



largest individual shareholder. Various Liu family members federated slightly over 30% in the Hong Kong entity and this along with shares held by other local companies and holdings, could in concert constitute, according to the Hong Kong Ordinance, the controlling vote in a board decision.

Other minority shareholders included the Fitzwilliams family and Tarasov's Moscow Bank. How much Pat Kennedy controlled was not clear, but it was at least 15% of the bank's shares.

INI Hong Kong Ltd., was specialised in private and corporate banking, trusts and investments. It offered bespoke services for entrepreneurs and their families in the domain of wealth management, more notably: development, preservation and succession. In other words it offered very wealthy Chinese protection from their own government.

For the average man, the functioning of a private bank was opaque; it was intended to be, so opaque that governments and their different fiscal authorities could not penetrate the secrets of those who banked their money with them. Offshore accounts, in Panama, Hong Kong or some island territory, held by screen companies - one hiding the other like matryoshka dolls - grouped in holdings, trusts and other structures protected by an impenetrable veil of secrecy. They served not only the seriously rich, but also high net worth individuals such as Jack Reagan, Tom Barton or Steve Howard, to whom investment risk seemed the most natural of things, but regarded paying excessive taxes as confiscatory, legalised larceny.

As such they were not alone, it was almost a tradition for all those who had accumulated or inherited wealth, including royalty, aristocracy, old money and proletarian sportsmen, actors, entertainers and above all corrupt politicians, elected and non-elected leaders, wherever they were, including those of Russia and China.

Accepting Herring's advice, Fitzwilliams pulled himself together, a few days of peace and quiet were really what was needed to calmly reflect on his own future and no where was better than his estate in Ireland.

He reached for his phone to put the bank's jet on standby, then remembered he no longer disposed of that service. Reluctantly he looked up an air charter service and booked a private jet to fly him to Dublin late that same morning.

PARIS

Pat O'Connelly was glued to the TV in his Paris apartment. Little by little he had unconsciously become one of those Parisian bobos, bourgeois-bohèmes, better to well-off intellectuals, who mixed with ordinary folk in the pretence of sharing their daily drudge.

Suddenly his complacency was shaken. With the deliberate attack on Charlie Hebdo and the cold blooded killing of writers, journalists and commentators, life in Paris would no longer be the same.

If the attack wasn't a declaration of war then what was? A latent civil war was brewing, there was no mistaking it, he thought as he watched the same shocking images of men firing Kalashnikov in the streets of Paris repeated in an endless loop.

O'Connelly, a successful novelist, liked to think of himself as another Parisian. He use the Paris metro for getting around town just like any other anonymous citizen, a habit that gave him an unambiguous view of life in Paris.

To a lesser degree than most other bobo's, who studiously avoided talk of France's changing face, he refrained from openly criticising the transformation. But now, there it was on the TV screen in his living room, a senseless killing a few city blocks from his upmarket apartment, carried out by men who had declared war on France and its way of life.

Those who spoke of France being colonised by its former colonies were spot on, there was no mistaking it. In the ten years he had lived in the city he had observed the changes, only half agreeing with the establishment's politically correct arguments. Whatever the politicians said, there was not the least doubt that France was changing, the French were not French, at least the kind of French they had been in the mind's eye of the world since the Belle Époque.

The French press, as always, paid lip service to the government, the proof was there for all who cared to look. Reporters without Frontiers situated France in forty fifth position in their table Freedom of the Press, slipping, in the space of a few years, from tenth position.

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O'Connelly looked at his watch, it was getting late, he had fixed lunch with Liam Clancy on the other side of the river in a small restaurant nearby to Saint Sulpice.

It was a brisk ten minute walk to the Marco Polo where a table had been reserved. He was the first to arrive and ordered a glass of Champagne to sip as he looked through the notes he had jotted down that morning on his

phone.

Ten minutes later, just as he was starting to worry, Clancy appeared looking a little flustered as he struggled out of his coat and handed it to a waiter.

“Hi Pat, sorry I’m late, you mentioned it was by a church and I was at the wrong one.”

O’Connelly laughed.

“Don’t worry you’re here now. What’ll you have to drink?”

Clancy looked at his friend’s glass and nodded.

“Looks good, I’ll have the same.”

The subject on everybody’s lips that Monday morning was Charlie Hebdo, a crime against the free press, which amongst other things had put France’s lame duck president on a pedestal. For Hollande and his Prime Minister the tragedy was like manna from heaven. The week before they were in the dumps, everything they touched seem to go wrong. Then on Wednesday morning January 7, the terrorists attacked, and by the end of the week Hollande was plebiscited for his handling of the crisis.

“Did you go to the march?”

“No, I don’t like that kind of thing. Politicos crying crocodile tears whilst the other poor fucks are laying dead on a mortuary slab.”

Clancy nodded, he was still young.

“So how’s our golden boy, still jetting around the world?”

Before Clancy could reply his phone vibrated.

“Sorry Pat,” he said clicking on his inbox with an air of nonchalant importance, “seems urgent.”

“Jesus!” he exclaimed with a start, reading the message again. It was a mail from head office in London, addressed to all personnel, announcing the resignation of Michael Fitzwilliams and the merger of INI with City & Colonial.

O’Connelly looked on bemused as Clancy, whose eyes were fixed on his iPhone, read and reread the text. It was signed by a new chairman, a certain Sir Alec Hainsworth, someone he had never heard of.

“What’s up? Another terrorist attack?”

“Jesus, it’s worse than that. We’ve been taken over.”

“The bank!”

“The bank. I hope I’ve still got a job.”

Clancy looked deflated. He cursed himself for not looking at the morning news. He had been too occupied untangling himself from the arms of a new girlfriend he had been shagging the night before at her studio flat in Vincennes.

Distractedly he wondered who he should call. He worked directly under the orders of Pat Kennedy, who was in Hong Kong where it was evening time.

“Let’s order Liam, then you can explain it to me,” said O’Connelly as the waiter appeared.

Clancy tossed back his Champagne and pointing his finger at the glass asked the waiter for a refill.

“Sorry Pat, this situation is totally unforeseen. I don’t understand what the fuck’s going on.”

The lunch was spoilt, the conversation difficult, desultory, as Clancy slumped back into his seat overcome by the thought of impending disaster. What should have been a joyfully, boastful, reunion, was spoilt as memories of a depressed Dublin pub flooded back.

He had joined INI three of years before after a difficult period of self imposed exile in Spain. At the end of 2009, he had been unceremoniously dumped from what was then the Irish Union Bank in Dublin, where he had worked as an up and coming trader. The Irish Union, part of Fitzwilliams’ banking group, had taken a serious hit when the first wave of the financial crisis struck Ireland’s happy go lucky shores.

Now, just after recovering his golden boy aura, this, whatever it was, happened. He was out on a limb and because of his link to Kennedy he would probably be ditched again. That English bastard Hainsworth, or whatever his name was, would surely be wanting to make cuts.

Later that afternoon he was due to return to London on the Eurostar and the following evening scheduled to fly to Hong Kong and Shanghai to meet with Pat Kennedy and a group of Chinese investors.

That was now up in the air.

It was always the small guys who paid when things went wrong, he thought as he tried to console himself. It was like that in 2008. He like his fellow traders had done what they had been told to do. In his short career as a trader, Clancy had received no instructions or specialised training in compliance, ethics or market regulations, either internally or externally. He had simply done what every other trader had done in trading rooms,

wherever they were in the financial world, using strategies and procedures that had existed prior to his arrival and which continued to be used even after the debacle.

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O'Connelly wished his young friend goodbye and good luck, who, forcing a grim smile, dumped his carry-on into the boot of a taxi, destination Gare du Nord.

As he watched the taxi disappear along the boulevard Saint-Germain, O'Connelly had the feeling the world was heading for another crisis. His euros would soon be worth nothing at the rate things were going, not that it really mattered to him personally, his royalties were paid in dollars, pounds and euros. It was swings and roundabouts, whatever he lost on one he gained on the other.

It was not cold for January and with a good lunch under his belt he slowly strolled home pondering the fate of Liam Clancy. Everything looked the same as he crossed the boulevard Saint-Germain, as it always seemed to. He supposed some were hit harder than others by the depressed economy, which the French government seemed incapable of resolving, the fact that there were more homeless on the streets spoke more than numbers, though the very poor were always more visible in winter.

He hoped his new book, which would come out in the spring, would have better luck than Houellebecq's which was launched a few days earlier, two days before the attack on Charlie Hebdo to be precise. Submission should have been a very successful, if controversial, launch with television interviews and press articles. Instead it was swept aside, forgotten, seen as an exercise in bad taste. Worse still, one of Houellebecq's friend's died in the massacre, which did not prevent apologists for Islam transforming the writer's novel into an attack on that community.

The politically correct was transforming France into an Orwellian society, where a pusillanimous media, financed in part by the state, did everything in its power to please its masters. The media was instrumental in deciding what the public should know and not know. The French press brainwashed its readers, the television its viewers, gently rocking them into a state of passive acceptance, as an alien vision of France's tolerant society slowly spread its roots. It was the media that determined political correctness, preached unattainable visions of equality, pacifying its audience with football, soaps and reality television, promoting popular idols as role models, whilst the establishment with its political marionettes and their

business cohorts were given the liberty of exploiting the ordinary man in their race to accumulate power, wealth and domination.

O'Connelly paused on quai des Grands-Augustins overlooking the Seine, lost in his meanderings, his hands posed on the cold white stone wall, he watched the stream of dark waters flow past, the same stream that had flowed under the same bridges during the Revolution, which was said to have freed the French people from tyranny. He recalled Alexis de Tocqueville's words:

*Democracy extends the sphere of individual freedom, socialism restricts it. Democracy attaches all possible value to each man; socialism makes each man a mere agent, a mere number. Democracy and socialism have nothing in common but one word: equality. But notice the difference: while democracy seeks equality in liberty, socialism seeks equality in restraint and servitude.*

The angry sound of a car horn snapped him out of his dream. He smiled at how he was so easily carried away by his thoughts, grinning when he remembered how he himself had become a wealthy man by his pen.

## CITY & COLONIAL

It was late evening in Hong Kong when Pat arrived home, exhausted by the events of the day. The City Colonial's attempt to seize control of Europa Hong Kong Ltd manu militari had been repulsed. But it did not mean they would not come back. As precaution security guards, together with the bank's own officers, were posted on around the clock shifts before the bank's offices with strict orders to prevent, by force if necessary, the entry of unauthorized persons. To reinforce security all personnel were issued with new ID cards for the turnstiles in the main lobby of the tower.

Pat had spent a good part of the day with the bank's lawyers, who had assured him that whilst City & Colonial had taken over Europa Bank Holding plc, and controlled a significant, though minority, holding in the Hong Kong bank, with a seat on its board, their decision making power was next to zero. They were hobbled without the cooperation of the Chinese shareholders who saw nothing good in the sudden arrival of the mega bank.

The Wu family, at the instigation of Pat Kennedy, had been the real force behind the transformation of the INI's representative office into a fully licensed Hong Kong bank. Old man Liu saw Pat as the kind of dashing

entrepreneur, who could carry the bank forward in twenty first century, riding the Chinese dragon as it sought to develop its growing overseas ambitions. He was cast in the same mould as the men who had built Hong Kong, the stuff of Two Gun Cohen, Liu told his son, who though he did not question his father's wisdom, had never heard of the Anglo-Canadian adventurer who became aide-de-camp to Sun Yat-sen.

The Wu saw Pat expanding and diversifying the family business empire through his links with London, Europe and Russia. He perceived him as dynamic, audacious, and above all fortuitous, a quality appreciated by the Chinese, unlike the kind of European bankers and company men they had met before, surrounded by a coterie of lackeys and interpreters, nor was he one of those naive, penniless, fortune hunters, the kind that arrived in droves in China's great cities in the hope of gleaning a living.

Pat was domiciled in Hong Kong, as were most of Lili's family, a status that offered considerable advantages for both Mainland Chinese and foreigners alike. In the four years that had passed since Pat had first met Lili he had applied himself to learning Cantonese and Mandarin, becoming reasonably conversant in both dialects, that is for a foreigner. Often, to the amusement of the Wu's who switched with ease in from one dialect to another, Pat confused the two mutually incomprehensible languages, for that's they were. It was quite an achievement, though northern Mandarin speakers were often perplexed when Kennedy unwittingly injected Cantonese words into the conversation.

Once his Cantonese interlocutors got over their surprise, Pat found himself in a different world, a world the average non-Chinese speaking visitors did not even suspect existed.

Pat had discovered a latent talent for languages soon after he realized his chosen profession, or that chosen by his mother, accountancy, was a dull affair. After his initial period of work experience in Boston, Massachusetts, where he learnt the ropes of his trade, he had set up an accounting firm in Limerick City. There he soon found himself working with foreign companies in the Shannon Business Park. In the course of his work Pat established business relations with a Hamburg coffee franchiser he had helped set up a coffee distribution company in Ireland.

His account with the franchiser frequently brought him to Hamburg, more than perhaps would have been normally deemed necessary for business needs. Soon he was discovering Continental Europe, that is to say Germany, Holland and Belgium, and decided it would not be a bad thing to learn a

little German. His thick skinned nature prevented him from feeling any embarrassment practising his pidgin German with business partners or striking up conversation with just about any friendly stranger he met on his travels.

As Pat's German progressed and he discovered his talent he progressed to French and Spanish. Then later to Russian when the bank's business took him to Moscow and Saint Petersburg. His natural intuition and indifference to grammatical complexities overcame all obstacles, transforming him into an accomplished though unorthodox polyglot.

The Cantonese were proud of their own specificity. They were Chinese, but different from Northerners, they had their own language, or dialect as it was mistakenly called, as different from Mandarin as Portuguese from French. The Cantonese not only spoke their own dialects, the roots of which they went far back to the original language spoken by Chinese in classical times, but were also conversant in Mandarin. This gave them a considerable advantage in business as most Northerners found Cantonese incomprehensible.

The Wu's believed their investment in INI Hong Kong Ltd, would create new opportunities giving them access to London's financial markets, opening new doors to Europe, Russia and its Far East. That link was consecrated when Kennedy married Lili and became part of the family.

City & Colonial on the other hand represented all that the Wu's detested, starting with its overpoweringly arrogant presence, a hangover from the colonial past, monolithic and faceless, casting its shadow everywhere like the Chinese Communist Party. City & Colonial was essentially a British bank, with its headquarters in London, one of the world's largest with several thousand branches and offices around the world, a behemoth, against which Pat and his friends could not and would not fight, though they would need all their skill and intelligence to avoid becoming a mere titbit in the giant's maw.

Unlike its confrère HSBC, City & Colonial had never really been been a Hong Kong bank. It had been incorporated in the nineteenth century to finance British trading companies in East Asia, but had always maintained its headquarters in London. When the British government retroceded the Colony to Beijing the question of transferring to London, like HSBC, was never raised as City & Colonial was effectively a foreign bank and its shareholders had no reason to fear their asset would fall into Chinese hands.



The former head of City & Colonial, Edward Browne, stepped down in 2012, to take up a key place in David Cameron's coalition government, and at the same time he was elevated to the peerage with the title Baron of Hazlehurst and introduced to the House of Lords, a procedure that justified his place in the government. There was nothing untoward in the method, in fact it was a very venerable disposition used by all governments for the appointment of unelected government ministers.

Thus, it could not be said the City & Colonial was without friends in Her Majesty's government. The impartiality of the career banker, with City & Colonial since 1982, cum government minister could not be taken for granted when it came to banking affairs and opportunities. How could he not lend a sympathetic ear to the wants of former colleagues at City & Colonial, which had so munificently contributed to his pension fund, especially when it came to giving a nod and a wink to the takeover of Fitzwilliams' London bank.

As former head of one of Britain's largest bank, Edward Browne's influence was considerable. That, with City & Colonial's long rapacious history, made a momentarily enfeebled INI an easy victim to the redoubtable predator.

In the sixties and seventies the City & Colonial, after swallowing a number of smaller banks in Hong Kong, pursued its policy of expansion as China opened its doors to foreign investment, first moving into neighbouring Guangzhou, then extending its activities to other important Chinese cities.

City & Colonial did not meet with the same success in Russia, where scandals and devaluations had wreaked havoc at the end of the nineties and the financial crisis of 2008, which put an end to its venture. As a late comer to Russia, there were few if any suitable partners available, since the most important had already joined forces with foreign banks. As a result of its failure to find a suitable partner City & Colonial was forced it to close its operation in Moscow.

The sudden crisis that struck INI at the beginning of 2015, was a serendipitous windfall, as the minister put it, presenting City & Colonial with an extraordinary opportunity. The link with InterBank, notwithstanding the on-going problem with Tarasov, would give them an unhoped-for foothold in the Russia market once the crisis was resolved.

ISLAMISTS

Four days later O'Connelly was still trying to figure out what the Swiss Central Bank had done. He had received an alert from his account manager at the Züricher Bankverein following the sudden rise of the Swiss franc on Forex markets.

He was about to call the Züricher when his phone rang. A glance at the caller's identity told him it was Angela, his Parisian literary agent.

"Hi Angela, Happy New Year."

It was the custom in France to offer new year wishes all through January.

"Pat, the same to you and lots of success and royalties."

"Thanks, I'd like that."

"What are you working on?"

"As a matter of fact I'm struggling a bit with my new book."

"Perhaps I can help you there."

"Oh?"

"Yes, Hertzfeld called. He was excited about the events in Paris."

"If you mean concerned, he's not the only one."

"Whatever," she said brushing him remark aside, "he'd like to talk to you. You're a Parisian and you know what's going on."

"And..." replied O'Connelly suspiciously.

"Well, he thinks you could write a bestseller about home grown Islamists."

"I see."

"He'd like to see you in New York. Wants something quick, before everybody forgets it."

"Five million copies like Charlie Hebdo?"

"Why not it could be a real money spinner. A blockbuster."

O'Connelly did not feel flattered. First he felt the idea was in bad taste and secondly he did not like being treated like some kind of a hack by his editor.

"Talk to him."

After a moment of hesitation he thought why not.

"Okay Angela. When."

"Tomorrow. I'll book you on the Air France flight at midday."

"Okay. Mail me the e-tickets. First class."

"No problem. Thanks Pat."

O'Connelly rung off. He looked at his watch, it was time to get going. He had a lunch date with Claire.

## INTERBANK

Mosbank was founded late in the late 1980s soon after Mikhail Gorbachev authorized the formation of private banks. It was one of the many incorporated in the hope of grabbing a piece of the action when the Soviet Union sought to liberalized its debilitated economy. Unfortunately for Mosbank's ambitious owners their lack of know-how and experience in market economy banking brought them to the brink of collapse following Gorbachev's dissolution of USSR.

It was at that point in time Dermirshian's organisation stepped in and acquired the bank as a front to launder the ill gotten gains of his booming criminal empire. However, his men were no better trained to run a bank than their predecessors, obliging the Mafiyosa to hire a trained professional.

To restructure the bank Dermirshian hired Sergei Tarasov, a brilliant and promising young banker, freshly arrived from the US. Tarasov, after graduating at the Moscow Institute of Economics and Finance, spent two years the Harvard Business School where he was recruited by Goldman Sachs.

After two years with the investment bank he responded to the call of home where the profound changes taking place offered extraordinary opportunities for an ambitious young banker of his background. The choice was huge as banks were being set-up on almost every street corner, most of which were doomed to failure. What attracted Tarasov to Mosbank was the promise of rapid promotion and the business plan of its new owners focused on property in the Federal administrative centres of Moscow and St Petersburg.

Initially hired as business development manager, Tarasov soon outstripped those around him, ridding the bank of bad debts - not without a little help of Dermirshian's strong arm methods, and soon turned the bank around. As a reward he was appointed president, and went about creating a new image of the bank, renaming it InterBank, to the great satisfaction of its owners, notably Alyosha Dermirshian, who in lieu of a cash reward accorded the young banker with a sizeable block of shares.

At the time of Dermirshian's timely demise in Monte Carlo, InterBank had become one of Russia's largest investment banks and Tarasov its controlling shareholder. With its offshore entities InterBank offered a whole range of corporate and financial services to its Russian and foreign

clients.

Unlike certain other Russian bankers of that time, Tarasov had a brilliant mind, though like many others he manifestly owed his success to the backing of powerful men in politics and industry as well as that of his shady mentor.

One of his outstanding achievements was the internationalisation of InterBank. Viewed from Moscow, the creation of the INI Banking Corporation in the City of London, in partnership with Michael Fitzwilliams, was seen as a masterstroke.

Tarasov was discrete about his family life. His wife Kseniya had warned him she had little in common with Moscow's nouveaux-riches. Her mother, who came from a family of Kerry landowner's and race horse breeders, had married into a family of wealthy Russia émigrés, lesser aristocrats, who had fled the Revolution of 1917 and established a small private bank in the City of London in the 1920s.

Fashion models, movie stars or tennis women were not Tarasov's style, he had chosen a well-bred Irish girl who preferred horses to fast cars and Gaelic to Russian, although she was perfectly fluent in his language.

His own family the survivors of minor Russian nobility had lost their lands during the Revolution, but miraculously survived Stalin and his successive purges becoming loyal Party followers and members of the nomenclatura, patiently waiting for better days. They were rewarded when Mikhail Gorbachev arrived with perestroika and glasnost, which enabled them to send Sergei to Harvard to complete his education.

His return to Moscow coincided with momentous changes and Boris Yeltsin's election as first president of the Commonwealth of Independent States.

Sergei's decision to enter the small troubled Mosbank was not exactly what his father had in mind for him. But in a time of chaos and opportunity, the ambitious Harvard graduate seized the chance in the knowledge Russia with its vast resources in oil and gas would be the target of Western investors in an energy hungry world. Though he saw the bank and its then owners as crude ignorant men, he knew Mosbank would be a suitable vehicle for his success in a new capitalist Russia.

After Vladimir Putin's election, Sergei, by deft manoeuvring became the bank's most important shareholder through a series of interposing companies. On Dermirshian's retirement to Monaco, on the French Riviera, once described by Somerset Maugham as 'sunny place for shady people',

Tarasov moved the aging Mafiyosa's shares in InterBank to a holding company he himself controlled in the Principality. With Dermirshian's death Tarasov was left in full control with no visible presence of the Bratva, enabling him to expand his already solid interests in Yakutneft, the Russian oil and gas giant, building what was effectively his own financial empire.

After the link up with INB, in which the new London holding company, INI Banking Corporation, took a twenty five percent stake of the Moscow bank, Tarasov was left with the remaining seventy five percent.

The banker was not an innocent actor in the plunder of Russia's wealth, where the people's oil and gas companies were sold off at giveaway prices to quasi criminal oligarchs and corrupt officials, who used their gains to buy fabulous yachts, villas and all that they desired, even football clubs. As the world watched agog, they jetted-in world class stars for their private parties, where Shakira, George Michael, Britney Spears and Christina Agilera entertained their privileged guests in return for fabulous fees, where Champagne and vodka flowed as freely as the waters of the Moskva, where caviar was dished out in ladles, and all paid for from the profits of oil and gas exports as price rose to near record levels.

Tarasov parents had taught him to turn a blind eye to the inequalities of the Soviet system, it was a Russian thing, where graft was all pervading, where the children of the nomenclatura studied at the FSB Academy and on graduation were handed the best jobs in the administration and leading businesses, and where the sons of ministers and governors were appointed as vice presidents in oil companies and banks.

His rule had always been to look the other way, to roll with the system, avoiding the dangers engendered by the jealousy and ambition of others. He had been lucky and knew that as in casinos luck did not go on forever, which went a long way to explain why he had prepared the ground for a non-Russian future.

With the first signs the network of businessmen and leaders, allied to Putin since his days as deputy mayor of Petersburg in the 1990s, was coming apart, Tarasov set his plan in motion.

By expanding into private offshore banking he built a property empire, acquiring assets in the UK, Europe, the US and the Caribbean, moving a large part of his wealth offshore, despite Vladimir Putin's very clear message he wanted business leaders to keep their investments at home.

A number of Tarasov's residential developments in London had been financed by a pool that included Russian investors, led by InterBank

Moscow, and certain of those investors were members of Putin's inner circle.

Why things went wrong was beyond Tarasov's control. Moscow annexed the Crimea and in retaliation the British government imposed sanctions, including the sequester by the Bank of England of interests owned by members of Putin's inner circle.

It perhaps explained Tarasov's plea for a negotiated settlement of the Ukrainian crisis, a plea that provoked the wrath of the Kremlin. The banker was not the only oligarch who had spoken out in favour of ending the conflict as losses mounted, and Putin, suspicious of the oligarchs' motivations, retreated into an ever tighter circle of intimates, friends that went back to his days in the FSB and the state's military and security apparatus.

Tarasov and many other Russians saw Putin's isolationist policies leading into a blind alley, at the cost of losing all the progress gained since he came to power. But there was little the rich could do: their assets could be seized at the stroke of a pen and as a warning to others an example had to be made. The ire of the Kremlin fell on Tarasov for having voiced his opinions publicly, he who owed his wealth to the goodwill of the Kremlin would be made to pay for his perfidious acts.

His assets, more importantly InterBank, were immediately seized by order of the Ministry of Finance and put under the supervision of the Central Bank of the Russian Federation, which appointed a temporary management team including directors of the Sberbank<sup>1</sup> to ensure the day to day functioning of the bank, preventing the transfer of funds overseas, in particular to foreign banks or businesses controlled by Tarasov and his friends.

The decision directly hit INI London. It was Moscow's retaliation for the sanctions that had affected banks controlled by Putin's friends who had seen hundreds of millions dollars worth of their assets frozen. They included Bank Rossiya, the bank of senior Russian officials, and the SMP Bank owned principally by two brothers, Arkady and Boris Rotenberg, childhood friends of Putin, who had amassed fortunes from rich contracts with the state and state-owned companies.

<sup>1</sup> The Savings Bank of Russia, the country's largest, of which the Central Bank held 51%

## DAVOS SWITZERLAND

He was drawn to Thomas Mann's 'Magic Mountain' by a fascination that even he had difficulty to define, perhaps it was the mystic of Switzerland, the centre par excellence of offshore banking. Davos had become a pilgrimage that Pat Kennedy had religiously made every January for the previous six or seven years.

Davos 2015 would be different for a certain number of its devotees. More than two weeks had passed since his confrontation with the City & Colonial pinstripes in his offices in Hong Kong and Kennedy vaguely hoped he would meet Sergei Tarasov or Michael Fitzwilliams.

Fitzwilliams would probably watch from afar, though in fairness it should be said he had never set foot in Davos, never mind the world Economic Forum. Pat suspected the ex-CEO was laying low at his home in Ireland. As to Tarasov he was probably holed up at his place in Limerick, in all probability judging it was too early or too dangerous to confront his friends and associates.

In any case of Vladimir Putin would be absent, too busy handling the economic disaster Russia was facing with the collapse of oil and the rouble. The Russian delegation was represented by its Deputy PM Dmitry Kozak.

After a low profile twenty four hours Kennedy saw there was nothing to be gained in hanging around and decided to move on. He was not interested in rubbing shoulders with billionaires, politicians and bankers, whose presence often looked like an exercise in self-flattery and preening. He avoided the attention of sensation seeking media personalities and self appointed pundits, who rarely got their facts right, not to mind their feeble attempts at crystal ball forecasting.

It was time to head for London to shore up support for INI HK, and discover who his real friends were. Since City & Colonial had dethroned Fitzwilliams and taken control of London, the Hong Kong entity, after the failed grab, had been left to its own means. INI HK was strong enough to survive as an independent private bank. Nothing had changed as far as its ownership structure was concerned, its shareholders were the same, that is to say the INI Banking Corporation was still a shareholder although it was now part of City & Colonial.

The question on his mind was: would City & Colonial sell the shares in the INI Hong Kong unit? There was after all a conflict of interest, its own presence in the former colony dated back more than one hundred years, to

the time when City & Colonial had been incorporated in London, serving the needs of British trading companies scattered across East Asia, from Tokyo to Shanghai and Singapore, and from Calcutta to Batavia and Manilla.

Kennedy left the world's financial string pullers and politicians gathered for their annual knees up behind with the head of the host country's national bank, the SNB, trying to explain his reasons for his move to abandon the Swiss francs fix to the euro. However, the man from the SNB would not alone, there was also Mario Draggi, the head of the ECB, who was on the point of launching his belated programme of quantitative easing.

When Draggi finally announced more than one trillion euros would be pumped into the eurozone economy, the euro promptly dived., and whilst the bankers and politicians attentions were focussed on the Swiss franc and the euro, Vladimir Putin pumped up the pressure in the Donetsk region, forcing the new Ukrainian president, Petro Poroshenko, to break off meetings with his backers, the World Bank and the EU, to hurry back to Kiev.

## HONG KONG

The Wu Family saw INI Hong Kong as, amongst other things, a conduit for incoming and outgoing investment capital, and, if things turned sour, a means of protecting the family's wealth.

Wu had survived the rigours of Chinese Communism and had guided his family to prosperity. They had survived the tumultuous changes of the twentieth century: Mao's Revolutionary government, the rigours of the Great Leap Forward and the excesses of the Great Proletarian Cultural Revolution that precipitated China into a decade of grief, shame and violence. A period glossed over by China's present day leaders, a taboo. An estimated one to two million Chinese lost their lives when Red Guards ransacked homes, beat, tortured and killed 'decadent, reactionary class enemies', and famine raged across the land as fields were left untilled and uncared for.

The family nevertheless preserved its wealth thanks to their profitable textile business in Hong Kong as the Peoples Republic suffered from the throes of self imposed chaos.

With Deng Xiaoping's reforms and overture to the West things started to look up and the Wu's invested in Shenzhen, one of Deng's five newly



created Special Economic Zones, at first in textiles, then progressively branching out into electronics and real estate development.

After decades of prosperity, clouds were forming on the horizon. Wu was not a pessimist, but there was no denying the future would be more complicated. The last weeks were proof of the instability that stalked the unwary, first was the Umbrella Revolution and the students' Occupy Central strike that had paralysed Hong Kong for weeks, then the British with their gunboat tactics sending their 'pinstripes' as Kennedy called them to seize control of INI Hong Kong. By good fortune Kennedy was there to repel them, and in no uncertain terms according to Lili's account.

The Wu's discretely unwound their stock markets holdings as Chinese indexes reached untenable heights, sooner or later speculators would burn their fingers as in 2008, when the market collapsed leaving his family with heavy losses, but Wu was not a strong believer in history repeating itself. It was much more complicated than that, things were never exactly the same.

He did however believe bad luck stalked the unwary and at such times a visit to the temple was in order to pay respect to the gods. There he would make offerings to the three wise men: Fu, Luk and Sau, the Chinese gods of wealth, power and good fortune, entreating them to guide his family in the decisions to be taken and bless them with continued prosperity.

Over the course of the previous five years, world markets, commodities, exchange rates and interest rates had fluctuated within a remarkably narrow range. Then suddenly, almost overnight, everything seemed to have gone crazy, crises jumped into the news on an almost daily basis, it was a connected world and the globalised economy was the new norm.

He was expecting Lili, her husband Pat Kennedy and his son Leung for a family meeting at the family's Canton mansion. Also present would be other members their enlarged family: partners and shareholders in the family business. Since the death of Lao Wu's brother some years earlier he was the family patriarch. Not engaged in day to day decisions, but informed daily of all important events in each of their companies and branches, principally in Guangdong Province, nearby Hong Kong and Macao, but also in Shanghai and Beijing.

On the agenda was a reappraisal of their business plans in view of the recent developments. There was the question of INI Hong Kong, now an independent bank, which seemed to have escaped the City & Colonial attack unscathed. Looking forward the situation was darkening, there ominous signs of the property market weakening and the worse was yet to

come.

A real estate developer, Fafu Holdings, had missed an interest payment and there was risk of a default. Fafu's problems were near to home, in Shenzhen, where trouble started when the local government blocked approval of Fafu's property sales and new projects following a series of high profile arrests and accusation of graft.

The notes Fafu had sold to investors had fallen to a third of their original value after its projects were halted, which did not bode well for the hundreds of millions of dollar nominated bonds issued by other construction firms in Guangdong Province where property sales were falling off.

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Pat Kennedy's world had changed. In barely a dozen years he had become a rich man, a very rich man, rich beyond the wildest dreams of most men. His fortuitous association with Michael Fitzwilliams and then Sergei Tarasov had been the catalysts for his success. Why fortune chose certain men was difficult to explain. But, it had always been like that; from Carnegie to Vanderbilt, from Gates to Zuckerberg.

He was not yet a billionaire, but there seemed little doubt he would soon be a member of that exclusive club. However, the greatest change in his life was not his wealth, it was the almost miraculous arrival of a baby daughter, Lily Rose, almost eighteen month earlier that had transformed his life; his vision of the world. It gave him a sense of accomplishment and a *raison d'être*.

Until that moment, at least until the day Lili had announced the news she was expecting, the idea of having a family had been long forgotten. His first marriage back in Limerick had not produced children, it had not been for the want of trying. Whose fault that had been was unimportant, if fault there was. It was the will of God, his mother had sadly told him, that was how her generation talked about that kind of thing in Ireland.

The couple tried everything: doctors, specialists and quacks, before they turned to prayer: that is to say Margaret. Finally, they had each ended up leading their own lives. He as a banker in London. She dedicating herself to charitable work for the church. It was if they had thrown their respective energies into a kind of diversion to forget the family they had imagined, and which should have been so natural.

Had Margaret's early death changed anything in his daily life? If he had been asked at the time he would have been forced to admit no. In the period

leading up to her illness she had become a friend, a sister, a cousin, or something like that.

He had invested all his energy into transforming the bank into an international group. He with Michael Fitzwilliams had ridden out the storm, confounded the doomsters predictions, as had Ireland, Italy, the EU and the euro.

Then Lili entered his life and offered him the unimagined joy of fatherhood. Their daughter Lily Rose was nothing like he had ever imagined, her smooth black hair, her brown oval eyes, her skin was white, but not that ghostly Irish white.

Their London home was all he could have ever hoped for, a vast mansion on Cheney Walk, overlooking the Thames, a stone's throw from the functional London bachelor pad he had become used to across the river in Battersea.

Whenever he watched his daughter sleep he wondered what the future held for her. Whatever happened she would not be one of the have nots, he would make certain of that. She would know two worlds, London and Hong Kong, Europe and China.

China was not however a world he had begun to understand. His Irish upbringing, in provincial Limerick, was far removed from what he experienced in the furor, if not chaos of southern China. He like many ambitious men, who had risen to power and fortune from humble origins, not only owed the extraordinary story of his success to the vagaries of fortune, but also his strength and determination.

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Lili's presence had quickened Pat's heart, all other things faded in importance, which did of course stop the rest of world the from getting on with its business. As Lili headed home to Hong Kong and Guangzhou, the recently buoyant Brics and commodity markets stumbled, China slowed and the smart money headed westward. Capitalism relied on continuous growth, and its twin, consumerism, relied on unlimited resources.

News that Ben Bernanke would phase out quantitative easing set-off warning lights on the banking front. Chinese central bankers were told by the new president, Xi Jinping, to attack the four winds of formalism, bureaucracy, hedonism and extravagance, in a crackdown on corruption as the Shanghai Interbank Offered Rate rocketed to thirteen percent compared to the one year rate of four and a half. At the same time other negative data came in on the Chinese economy. Credit had frozen, at least momentarily,

after the tightening of liquidity and the failure of two auctions for government bills caused several Chinese banks to default on their interbank obligations.

Again men like Tom Barton posed the question as to whether capitalism-consumerism as a system had reached its limit. Perhaps science would find the answers, perhaps not, in any case he could do nothing. Rationally speaking, it did not concern him, it was not his problem, it was that of the politicians, he had his life to live and that was it. Barton was not a bling bling Hollywood star, or worse an aging Rock idol, soon to be relegated to history, prancing before media cameras, hoping to be remembered by posterity for their good works and not their dissolute drug fueled youth.

The massive wave of immigration into Europe was an illustration of the difficulties encountered by politicians: weak men driven by their lust for power. God save the world from them, he prayed, and their governments, elected by the people on lies: promising they would build a solid economic environment for them and their children. With each passing day he was invaded by a feeling of growing pessimism, and there was little reason to feel optimistic about man's future.

## CUBA

With Hong Kong disrupted by the student demonstrations in Central, Pat and his family decided to take a break in Bali, nothing complicated just a week to get away from the general chaos as a front of chilly wet weather moved in from the north-east. Of course for Pat it was all relative, winter in Hong Kong was often tropical compared to an average summer day back in Limerick City.

Pat had suggested they return to Sanya on the south coast of Hainan Island, but Lili protesting the beach was more crowded than a street market in Canton vetoed China. In any case she wanted to get away from home for a break and a simple one; beach, hotel and a change of scenery.

So Bali it was, a four hour flight to the south of Hong Kong, and the four of them - including Lily Rose with her Chinese ayi - headed for the tropical paradise on a Cathay Pacific flight, first class of course. They were almost like any ordinary family taking an almost ordinary break. Hotel, beach, moonlight diners and a couple of excursions whilst the ayi looked after the Lily Rose.

The Grand Hyatt suited them fine, a short ride from the airport, direct

access to a magnificent beach, quiet, and if they wanted a trip to the mountains.

Unfortunately for Pat he was soon bombarded with messages of every kind, even after he had switched of his phone people found out where he was staying. He could of course have ignored them ... and he did, though not entirely, in spite of giving the front desk instructions he did not want to be disturbed. Lili's system was more efficient, everything passed through her personal assistant, who directed even the most urgent messages into touch.

The supposed urgency of certain messages overrode Pat's wall of privacy and they arrived by every imaginable means of communication.

It was the first sign that Pat's all out enthusiasm for the business world had started to wane. He had made enough money, more than enough. Managing his investments was another thing, but pursuing the same old business routine in an environment that was more and more demanding was becoming ennuoyant, as he described it to himself.

The straw that broke the camels back came barely a month later with the sudden and unwelcome appearance of City & Colonial. The thought that a man as confident and well established as Michael Fitzwilliams could be evinced by the stroke of a minister's pen was deeply troubling.

Pat had passed his fiftieth birthday and the idea of continuing in the same gilded rut was daunting. He needed a break and when the opportunity came he jumped at it. To his surprise Lili accepted it, perhaps that was the way it was in Chinese families he told himself. In any case Pat did not look any further, it was too complicated. He had already realized he could never understand his wife's country, it was complicated, and perhaps it was why he preferred Hong Kong, a kind of halfway house, and that was the way it was.

Kennedy struggled with his decision for than a week. Hesitation was rare in Pat's world, but the causes in this particular case went back fifteen years to an experience he would rather forget, an experience that had indirectly led to a brief, but dramatic, sojourn in Dublin's grim Mountjoy Prison.

From the moment he learnt Barton was in Colombia, his mind was subconsciously made up. The idea that Cuba would be tantalisingly close had the effect of an irresistible temptation. Initially he pushed it away, as he had over the years, but two events changed that. First was the news that Barack Obama was to visit Panama for the Summit of the Americas with the possibility that relations between Washington and Havana would be restored, and the promise Cuba might finally take off, which would very

belatedly vindicate Pat's early adventure in the Caribbean, a decade and a half earlier.

A couple of months earlier, Barack Obama and Raúl Castro of Cuba, had simultaneously addressed their respective nations, announcing the restoration of diplomatic ties. It was the end of more than half a century of accusations and bitter recriminations, a dispute that was probably one of the last remaining vestiges of the Cold War.

Obama and Fidel Castro's brother, Raúl, would come face to face in Panama City at the Summit of American nations in 2015, making it the first meeting between leaders of the two countries since 1959.

Lili was not too happy when Pat spoke of visiting Central American. A quick check showed the region to be one of the most dangerous in the world outside of war zones. Violence linked to drug trafficking was everywhere, especially in El Salvador, the small state bordered by Guatemala and Honduras.

The second event was the titillating news that a Hong Kong company, HKND, was set to build a transoceanic canal in Nicaragua, which if it was true would present a huge opportunity for INI Hong Kong.

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Curiously Pat's interest in Central America had been reawakened by his father-in-law and his story of banking in China. Wu had related the history of paper money in the Middle Kingdom, which due to a shortage of copper made it the first country to introduce money in the form of promissory notes during the Song Dynasty. Copper coins had been the currency of exchange for centuries. However, as the economy grew, copper became impractical because of the vast quantities of metal necessary; at the peak of its usage, in 1073, more than six billion copper coins were minted.

The Yuan Dynasty was the first to introduced fiat money: the chao, but in course of the following centuries China was plagued by inflation and successive economic crises. That is until silver, demanded by the Chinese in exchange for manufactured goods, was imported from the Americas by the Spanish, who had established a trading base at Manila in the Philippines in 1571.

Imperial Spain and Chinese traders opened a new Silk Road, a trans-Pacific sea link, and in doing so finally realised the dream of Christopher Columbus. The precious metal flowed eastward from the greatest silver mine ever discovered by man, before or after, at Potosi in Bolivia. Silver was shipped in the form of ingots that Europeans called tael.

Over the course of nearly three centuries convoys of Spanish galleons sailed from Acapulco, crossing the Pacific, to Manila loaded with silver coin, used to pay for porcelain, silk, spices, tea and lacquer-ware. These goods were unloaded in Mexico and either shipped to Spain's colonies in the New World, or Panama where they crossed the isthmus on El Camino Real, to Nombre de Diós, and then on to Spain and the rest of Europe.

In the eighteenth century Spanish real de a ocho, the silver pieces of eight of Treasure Island, also called Carolus dollars, became a universal currency, just as the twentieth century American dollar, and began to be used as medium of exchange in China.

During the Napoleonic Wars, Spain, occupied by France, was cut off from its colonies in the New World which refused to recognise Joseph Bonaparte, appointed King of Spain and the Indies by his brother Napoleon. The colonies refusal to recognise Joseph ignited the flame of independence, which led to the long decline and disintegration of Spain's empire. However, Spanish and South American silver dollars continued to circulate in China until the twentieth century.

Plans to expanded the modern transpacific Silk Road, by building a new canal across Nicaragua, had been launched by the Chinese billionaire Wang Jing in Hong Kong, making it the talk of the former colony's business community, attracting the interest of prospective investors and bankers including INI Hong Kong.

The story had been one of those eye-catching headlines that announced vast projects on financial pages in the press, or in National Geographical and popular science style articles. It was touted as the greatest construction project in human history, but for ecologists it posed a risk for the natural environment-rare frogs according to Kennedy- recalling the history of China's Three Gorges Dam, or going further back, the Aswan Dam and the Temple of Abu Simbel.

The new canal, a forty billion dollar project, would be nearly three hundred kilometres long, from Punta Gorda on the Caribbean, across Lake Nicaragua, to the mouth of the River Brito on the Pacific coast. The Hong Kong based firm, the Hong Kong Nicaragua Canal Development Investment Co, had been granted a fifty year concession to build the waterway by the Nicaraguan government.

A couple of days before Christmas, standing at the side of Daniel Ortega, President of Nicaragua, in Managua's main square, Wang Jing formally launched work on the canal. The contract gave sovereignty to China over

the future canal, its two ports, locks and other works after the completion in the same manner as Panama had done so for its canal that had seen American sovereignty over the Canal Zone for three quarters of a century; formally ended by Jimmy Carter.

Wang declared the Grand Interoceanic Canal would open up a twenty first century maritime Silk Road, leading to a brighter and happier future for the people of Nicaragua. The forty two year old billionaire, who had made his fortune in telecoms, a self-declared Chinese patriot, informed the world financing was under way and details would be announced in due time.

Many saw Wang as a tool of the Chinese government, a surreptitious extension of Chinese power. CEO of Xinwei, a leading Chinese telecom group with its headquarters in Beijing, Wang also headed the HKND Group, a private infrastructure development firm, based in Hong Kong and registered in the Cayman Islands.

Wang's access to national leaders, including President Xi Jinping, Premier Li Keqiang and Zhang Dejiang the National People's Congress Standing Committee Chairman, gave serious credibility to the idea that the Chinese government was behind the project, which in the tradition of Chinese drama hid its intentions in a complex play of charades and actors.

Wang's career was atypical. Bizarrely he had started out as a student in traditional Chinese medicine in Beijing, but before graduating he dropped out and left for Hong Kong where he studied business and later founded an investment consultancy.

How he acquired Xinwei, or how much he paid for it, was shrouded in mystery. Founded in 1995, under the control of state-owned China Datang Corporation, Xinwei developed and marketed its products to Chinese state firms and private businesses. However, it was a loss maker until Wang took over in 2010.

In the early nineties, when Wang left for Hong Kong, China was still a fledgling industrial power and Shenzhen, across the border from British Hong Kong, was one of Deng Xiaoping's newly created Special Economic Zones. The young man had made a good move, which pointed to his good business sense.

It was during Wang's time in the colony, as Hong Kong then was, Tony Wu, a cousin of Lili's, got to know him well. He remembered Wang, a fresh faced student newly arrived from Beijing, determined to set himself up in business and become rich. The two young men joined forces, Wang speaking Mandarin and Wu Cantonese, and together they were soon setting



up companies and trading with the Mainland. It was a good North-South fit at a time when Hong Kong was much more developed than Beijing in business and finance. Wang was attracted by the legendary reputation of Cantonese as tough businessmen and Hong Kong, a powerhouse of business and finance, closely linked to London.

At Pat's demand, Tony Wu fixed a meeting with the enigmatic entrepreneur in Hong Kong and before he left for Panama Kennedy met Wang. The HNKD Group office was located on the eighteenth floor at Two International Finance Center in Hong Kong Central District, just a short walk from INI's offices in Jardine House. Wang and his staff enthusiastically described the scope of the vast project and HKND's need of more than two thousand pieces of major construction equipment, four billion litres of diesel fuel, one billion litres of bunker fuel for the dredgers, four hundred thousand tons of explosives, and untold millions of tons of cement and steel. All of which would have to be imported into Nicaragua, requiring the construction of new ports and roads adapted for outsize machinery and equipment.

Wang informed Kennedy the canal project was to be financed by a Chinese banking pool and invited INI Hong Kong to join them with a Memorandum of Understanding to participate once the Pacific Port section of the project had been completed. In addition they agreed INI Hong Kong would prepare a proposal for a stock market listing for the transoceanic canal company on the Hong Kong exchange.

## COUNTY WICKLOW – IRELAND

Ten days at his family's estate in County Wicklow had given Fitzwilliams time he needed to think. The weather was damp and misty, not too cold for January, typically Irish and perfect for walking. The tranquillity of his eighteenth century neo-Palladium home, overlooking Lake Liffey and the Wicklow Mountains in the distance, was the kind of break he needed to sooth his troubled mind, objectively analysing what had happened that fateful weekend in London.

On arrival, determined to cut his links to the outside world, Fitzwilliams had thrown his phones into a drawer and given orders he was under no circumstance to be disturbed by outside calls. Press and television were banished in an attempt to isolate himself and meditate like the early medieval Irish monks had at the nearby Glendalough monasteries, though

the banker's palatial home could not be compared to their bleak stone cells. Identifying the origins of the bank's problems was not difficult: oil, Russia and the euro crisis, all of which was beyond his control. And the conjuncture of those events formed the sudden tempest that had engulfed the INI Banking Corporation.

There was perhaps one exception: Russia. Of course he had no control over the decisions of Vladimir Putin, however, he had irremediably tied himself to Moscow's fortunes through the links forged with Sergei Tarasov and his business empire - and that he put down to Kennedy.

It was Kennedy's who had got him into his present situation; a parvenu, he thought spitefully, forgetting how he had been happy to befriend him back in Boston, when they were young men starting out on their respective careers. He with JP Morgan and Kennedy with Arthur Andersen. Two young Irishmen abroad: Fitzwilliams, from a wealthy landed family; Kennedy, an ambitious Limerick lad from a working class background who had his eyes set on climbing the ladder of success. It was their first work experience and they had not been long in the New England city when they meet for the first time.

At that precise moment they had little in common apart from celebrating Saint Patrick's Day in Boston and the fact they were the only two sober Irishmen in the Bunratty Castle pub on Market Street. Over the course of their twelve months in Boston, they became good friends, but once returned to Ireland they drifted in different directions, meeting less frequently, as they embarked on their respective careers and lives in their very different worlds.

In 1999, by a coincidence of fate, Kennedy found himself engaged in an unlikely Cuban venture, a tourist complex cum theme park, at the instigation Fitzwilliams' uncle, David Castlemain, the then head of the family bank. The project collapsed when Castlemain was lost with his yacht, the Marie Gallant, in a hurricane off the coast of Cuba and he was succeeded by his nephew, Michael Fitzwilliams.

Kennedy had barely untangled himself from the venture when he found himself naively drawn into a bank scam and miraculously escaped prison. However, in the ensuing trial, he had protected the good name of Castlemain earning Fitzwilliams gratitude and once the scandal blew over they renewed their friendship.

Pat Kennedy's business relations with European investors in Ireland fostered the Irish Union Bank's association with an Amsterdam Bank, the

Nederlandsche Nassau Bank, and their fusion in 2008, forming INB, earning him a non-voting place on the board of the new entity as business development director.

In 2010, Kennedy, now a full director of INB, engineered a joint venture with Sergei Tarasov, a Russian banker and businessman. Together with Tarasov's InterBank, the INI Banking Corporation was formed. The new Anglo-Russian holding, based in the City of London, extended loans and financial services to the booming Russian oil and gas industry for exploration, production, pipelines, refining and other ventures. It was a rock solid business; the demand for oil and gas would never fall, neither would the price of fossil energy resources. The same went for the other commodity sectors they invested in: nickel, copper, aluminium, fertilizers and timber.

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The international demand for energy and the price of oil was of course beyond Fitzwilliams' control. Even Vladimir Putin had not foreseen the convergence of events that were to lead to a crisis that would soon escape his control.

Since the fall of the Soviet Union, the world had dramatically changed: China had become its workshop and its economy had grown to five times that of Russia's, which was almost entirely dependent on its energy exports.

With the collapse of oil and commodities things had started to unravel. Too many things happened at once and too quickly. INI had got in too deep with too many highly leveraged loans to the Russia's energy industry.

The risks he had been told were low, oil and gas prices were riding high, Russia was booming. Peak oil was just around the corner. The world was running out of those commodities. The loans looked good: six, seven even eight percent interest on bonds with twice yearly coupons.

His outrageously paid analysts had calculated the risk on Russian bonds was low for the industry. They were not of course investment-grade bonds, such as treasuries, the yields of which were much lower. The only trouble was his quants hadn't built fuckin Putin and fuckin Saudi Arabia into their equation, not only that, they had written off North American shale oil as a fuckin pipe dream, which even if they got oil out of the ground the impact on markets would at best be fuckin marginal.

The loans to Yakutneft and Polar and East Siberian oil fields, in Russia's vast, almost empty, Far Eastern Federal District, where production costs were sixty, seventy and even eighty dollars a barrel, had been in

retrospective dangerously risky. Already Vostokneft had appealed to Moscow for aid. As the price of Urals crude, a mix of Urals heavy and high-grade oils Western Siberia light oil, fell, default on certain loans loomed, bonds were downgraded to junk status, the cost of insuring against default exploded.

Then, the Black Swan, which by definition nobody could have imagined, appeared: Vladimir Putin seized the Crimea and Russia's oil giants were hit by sanctions. Gazprom, Rosneft and Yakutneft were facing huge revenue losses, in addition they were shut out of long-term financing. Arrogant rhetoric suddenly looked hollow and the assumption that oil prices would continue to rise forever was shown to be nothing less than wishful thinking by ingenuous managers devoid of geopolitical experience.

All this left INI holding a lot of near to worthless paper, which went a considerable way to explaining Fitzwilliams' hapless fate. Up to that point he had mistakenly placed his faith in the idea that Tarasov and his Russian friends could save the bank if anything went wrong and the last thing he had imagined was Russia going bust.

John Francis had spoken of the risks, a voice in the wilderness, and he as CEO had chosen to ignore his words of caution.

As Fitzwilliams' wife, Alice, an internationally known Irish racehorse owner, a figure in the Irish Thoroughbred Association, drily put it, he had backed the wrong horse.

Tarasov had been his downfall and Kennedy's astucious move to Hong Kong had distanced him from Moscow in more ways than one, leaving Fitzwilliams exposed not only to the dangers of being too closely bound to Russia and its financial risks, but also his own physical well being.

Putin's links to the underworld had long been suspected by the FBI, more recently in connection with the murder of Alexander Litvinenko, who had been investigating the connections between the Russian leader and Semion Mogilevich, a Ukrainian Mafiya boss, and, the murder of Anna Politkovskaya, an outspoken critic of the Kremlin.

Fitzwilliams' question was how to distance himself from Tarasov, without being seen as a traitor, an idea his republican spirit found difficult to accommodate. Tarasov was a marked man, an enemy of the Kremlin, destroyed by those who coveting his influence and wealth, had poisoned their leader's mind with accusations of disloyalty. Like other fallen members of the Kremlin's inner sanctum Tarasov was accused of tax evasion and economic crimes. In Russia he was now considered a common

criminal, facing a long term of harsh imprisonment, exile and possible death.

For foreigners, like Michael Fitzwilliams, who fell foul of the Kremlin, different forms of coercion were employed. The FSB was well experienced in using blackmail, scandal, accidents, and if necessary murder to achieve the Kremlin's evil ends.

The fate of Mikhail Khodorkovsky, the Yukos tycoon who became Russia's richest man, was an example to those who even thought of transgressing their prerogatives. He had defied Putin in the political arena and found himself accused of economic crimes and sentenced to nine years imprisonment in Siberia. It was a brutally effective means of inspiring the loyalty of others who owed their success to the goodwill of the regime.

However, it was a two way road, the powerful businessmen that dominated Russian industry were needed by the Kremlin, just as medieval barons were needed by their kings, and like medieval barons oligarchs plotted and fought each other in their struggle for riches and favour.

A year on from Sochi, Putin's world was near collapse. What remained of the Winter Olympics was financially speaking a black hole. Oligarchs, who had been coerced into investing in the construction of sporting installations, hotels and infrastructure for the glory of their leader, had seen their billions squandered and swindled by corrupt construction firms and officials. Facing vast losses, the Kremlin came to their succour, allowing them to unload their ruinous investments onto the state ... in the form of poisoned gifts.

Crony capitalism underpinned Putin's system and in return the Kremlin protected its friends, the rich and powerful oligarch class, when the losses engendered by its unrestrained pride, a misplaced ode to national glory, became too burdensome to bear.

The Kremlin could not take the risk of alienating its powerful barons just as Putin was embarking on another reckless adventure: sending his soldiers into the mud and chaos of the Donetsk Region, just a couple of hours drive from the soon to be forgotten Sochi extravaganza.

What Tarasov most feared had finally come to be. Like other oligarchs, he had lived under the shadow of dispossession, and was helpless as his business empire's assets were looted by Kremlin and its cohorts. The threat had been real and the tools at the disposal of his enemies numerous, commencing with accusations of tax evasion and fraud, which the Kremlin had so effectively deployed against those who refused to bend to its iron

will.

## BEGINNINGS

Tarasov, unlike his fellow oligarch Khodorkovsky, had no political ambitions. The former head of Yukos, after being released from his Siberian prison at the end of 2013, had headed for exile in Switzerland. His release and pardon by Vladimir Putin had been a gesture designed to placate the West in the run-up to the Sochi Winter Olympics, when the strongman moved to burnish his image in the eyes of the world.

Exile was a long tradition for Russians fleeing tyranny, some chose Berlin or Switzerland, others London or Paris. For more than a century, the French capital had been home to waves of Russian émigrés, even though, Lenin, in exile, had called the city a foul hole. First came anti-czarist revolutionaries, then White Russians fleeing the Red revolution, followed by the victims of Stalin's reign of terror, and finally those who fled the Evil Empire, as Ronald Reagan called it in the final phase of the Cold War.

In the course of the changes that followed the dissolution of the Soviet Union, many had dreamt of a free society, but they were bitterly disappointed as Putin's vision of Russia took hold. Amongst those who chose exile were political dissidents and those disappointed by the failure of his economic policies, including men who had become rich under his rule.

With the simmering war in the Ukraine, coupled with economic sanctions, cracks were beginning to appear in the system. Members of Russia's politically aware middle classes were beginning to ask questions. Amongst the working classes strikes were becoming recurrent as people sensed the life style that they had just started to get used was slipping away.

Russia's vast regions were emptying, that is if they had even been populated by more than hand full of European Russians. Emigration to the West was again bleeding the country of its better educated classes. All of which did not mean Russians were disposed to put their trust in men like Khodorkovsky. It required more than money and a personal confrontation with the Kremlin to win the hearts and minds of ordinary men and women, not to mind asking them to make the kind of sacrifice needed to challenge the regime.

Those like Ekaterina, a modern urbanised Russian, watched on. She like others of her generation saw her modestly privileged life style fading

before her eyes. Imported foodstuffs and consumer goods were disappearing and prices rocketed as the rouble dived. Those who could headed for Berlin, London or Paris, and those who could afford it invested their cash to buy apartments anywhere but in Russia.

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Sergei Tarasov had come a long way since his student days in Moscow, where he, like other students, had joined Komsomol, the Communist Youth League. As Mikhail Gorbachev implemented glasnost and perestroika, Tarasov graduated from Moscow's Institute of Economics and Finance, left for the US, and returned four years later with an excellent command of English.

After entering Mosbank his suspicions were soon confirmed, that is say the bank was nothing more than a façade of business respectability for Dermirshian's criminal organisation. Undaunted and realising he had nothing to lose if the experience proved unfruitful he persevered. In the nineties Russia resembled the Wild West, an almost lawless business society in which Tarasov, with or without the blessings of the bank's Mafiyosa shareholders, set about implementing the changes that were to transform Mosbank into a mainstream banking institution.

Mosbank became InterBank as its transition to respectability was powered by the explosive growth of Russian real estate and the privatisation of state owned property. Boris Yeltsin's post-Soviet government carried out radical market reforms, regrettably with almost no legal structure to regulate business and finance.

Unprincipled businessmen profited from the ambient chaos by gouging prodigious margins and commissions from the export of Russian commodities. These were bought at below cost price from desperate freshly privatised combinats struggling to avoid collapse, with the connivance of their unscrupulous managers, and resold below market value to compensate for substandard quality.

Vast sums of money were diverted from payments to offshore accounts and shell companies set up by Mosbank and invested in super-prime property in London and other European capitals.

Nascent oligarchs lacking international business experience were guided by Tarasov, whose business and banking skills not only made them rich, but enabled the banker to build his own private mountain of wealth hidden offshore behind a web of accounts and companies.

In the eyes of the then existing Russian legal system none of this was

strictly illegal and so called commissions were common practice in commodity trading. The export of oil, gas, minerals, fertilisers and wood products to India, China and most of the developing world boomed, third world countries avidly bought Russian commodities below world market prices with no questions asked.

InterBank loaned money to the almost bankrupt Yeltsin government, accepting state owned properties in Moscow and St Petersburg as collateral. The government foreseeably defaulted on the loans, and according to the covenants the bank automatically became owner of the properties.

Shell companies financed by the bank then bought the properties, the loans were covered, and the circle closed. Tarasov then went about developing the seriously run-down Soviet period properties: building shopping malls, offices and apartments, enabling the bank to build a vast real estate empire.

Under Yeltsin, state structures were broken-up, even revered institutions like the Bolshoi, which represented the essence of Russia's cultural heritage, had to adapt as state funds shrivelled and the economy disintegrated. Such conditions attracted organised crime syndicates run by gangsters like Dermirshian and nearly a decade passed before the emergence of 'clean' oligarchs like Tarasov.

During those desperate years, failing state businesses suffered the same fate as the Yeltsin government with banks foreclosing on them and seizing properties in every major city. The subsequent redevelopment of these properties generated huge profits.

Those who tried to expose the system, like the unfortunate Vladimir Petukhov, who naïvely appealed to the Kremlin for help, ended up dead, shot down on the street in what the police described as a contract killing.

Contract killings became as common as road deaths: bankers, businessmen, casino and night club owners, not forgetting over ambitious or would be politicians, were assassinated. The favoured method was overkill, using of a whole range of imaginative techniques: bazookas, grenades, poison, defenestration and of course a burst from a Kalashnikov. Dermirshian's Bratva hitmen were experts in all these deadly techniques.

Tarasov's steered the bank away from its Mafiyosa beginnings, creating an image of respectability, enforced by the Ministry of the Interior, an arrangement that left its founders as passive, though very rich, shareholders in the prosperous institution.

At the outset Putin promised to clamp down on the oligarchs, however, his entourage composed of former KGB friends wanted part of the action. Thus



an arrangement was made which permitted those who played along with the system to continue, whilst those who refused were dispossessed of their wealth, thrown into prison, or if lucky allowed to flee overseas before the vice closed.

Tarasov had no desire to end up like Khodorkovsky, who had either overestimated his power, imagined he was immune, or left it too late for an honourable exit. Whatever the case, a secret-police commando unit stormed his private jet at the crack of dawn during a refuelling stop in Siberia and grabbed the hapless oligarch.

Accused of fraud and tax evasion, Khodorkovsky was judged, found guilty and sentenced to nine years imprisonment in a labour camp on the Siberian steppe, where winter temperatures fell to minus thirty degrees centigrade.

Tarasov by refusing the Kremlin's demands, had either overplayed his hand, or deliberately provoked Putin as a ploy to escape the suffocating court of the autocrat. Whatever the reason he found himself in fear for his life and his families safety.

Unlike Khodorkovsky whose wealth was bound to oil and gas under the permafrost, a large part of Tarasov's wealth was beyond the reach of the Kremlin. His assets were owned by companies in London, Paris, Zurich, New York, or in one or more of a string of tax havens that spanned the Caribbean.

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Tarasov had no precise idea of the total value of his overseas assets, but they were certainly well in excess of one billion pounds sterling, possibly two. It was complicated, they were scattered across the planet from Panama to Hong Kong.

But what was the use of all that wealth if he were to end up poisoned like Alexander Litvinenko or Alexander Perepilichny. The first by polonium, the second by gelsemine. The latter, a Russian businessman, was found dead outside his home in Surrey, in 2012, returning from his daily jogging session. Initially his death had been put down to natural causes, an accident due to heart failure. Subsequently, a toxicology report indicated the existence of traces of a deadly poison in the dead man's stomach.

The poison was identified as coming from gelsemine, a plant found in China containing a toxic compound related to strychnine. The substance was well known to specialists and writers of whodunits, more notably Sir Arthur Conan Doyle, the celebrated creator of Sherlock Holmes, who had experimented by ingesting a small amount of gelsemine. In 1879, in a

letter to the British Medical Journal the author described the symptoms, which included persistent diarrhoea and severe headaches.

Gelsemine, a favourite tool of Chinese and Russian killers, had been used to silence whistle blower Alexander Perepilichnyy, who had almost certainly been targeted after exposing a scandal related to the Magnitsky affair.

Sergei Magnitsky, a thirty seven year old Russian accountant and auditor specialised in civil law with a Moscow law firm, had unmasked officials in a case of massive tax fraud and money laundering, only to be thrown in jail himself, where he later died as the result of a savage beating by prison wardens and left dying in a pool of his own urine.

What intrigued Swiss investigators was how a modest Moscow tax official, with a declared family annual income of under forty thousand dollars, could own a three million dollar sea front villa in Dubai's Palm Jumeirah, the artificial palm shaped island in the Persian Gulf, one of the world's most exclusive pieces of real estate and home to the super rich.

The answer lay with Alexander Perepilichny, an investment banker specialised in offshore finance, a key witness in a conspiracy, involving Russian officials, relating to fraudulent tax claims, fraud and money laundering. Perepilichny had been actively assisting Swiss prosecutors in their investigations into a series of bank accounts thought to have been used by tax officials and their families who for some unexplained reason had suddenly become extraordinarily rich.

The two hundred million dollar fraud had been originally uncovered by Magnitsky, who had been hired by a British investment fund, Hermitage Capital Management, to investigate the case. The result of Magnitsky's findings pointed to a number of Russian Interior Ministry officials and underworld figures as being behind the scam.

Whatever the details, such cases justified Tarasov's fears, it was the irrefutable proof of the existence and determination of the Kremlin's killers and evidence that no one was beyond the long reach of Putin and his executors.

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In 2007, Alexei Miller, CEO of Gazprom and close friend of Vladimir Putin, vowed to grow the giant into a one trillion dollar mastodon.

That was never to be, times had changed and Gazprom was in deep trouble. Once rated the world's third-largest public corporation, valued at more than three hundred and fifty billion dollars, it had sunk to an ignominious 170th

place, worth a mere fraction of its previous value.

The question was what had gone wrong? Of the world's top five thousand company not one had come anywhere near such a staggering reversal of fortune.

For any Kremlin watcher the answer was simple: Gazprom had become an instrument of Putin's geopolitical agenda. The Kremlin had precipitated the giant into a whole series of money losing, politically motivated, undertakings: the Sochi Winter Games; the conflict with the Ukraine; and a means of pressure to force unwilling partners to conform to his vision of the world.

Gazprom, in spite of its vast oil and gas reserves, had become a symbol of the malaise that had afflicted Russia since Putin's re-election in 2012. It was a tragedy for Russia, given its vast potential, to once again fall victim of an old fashioned strongman, a leader who was evidently caught in a time warp, dreaming of past imperial glories, as though the vast country he ruled was threatened or needed territorial gains.

Putin's dangerous adventure in the Ukraine had cost Gazprom dearly. Its exports to Russia's populous neighbour came to a full stop in mid-2015, losing the company billions in revenues and putting the fear of God into its rich European customers, sending them scrambling in search of alternate suppliers.

The Kremlin's much touted replacement deal with Beijing looked more and more like a pyrrhic victory as China's economy slowed. A costly enterprise in which Gazprom would have to bear the cost of building pipelines as well as extracting, processing and storing the gas.

The agreement was further compromised by gas prices being indexed to the price of oil: one hundred plus dollars a barrel at the time the deal was agreed, double the mid-2015 market price, transforming the face saving deal into a non-starter.

The battle in Ukraine's eastern regions continued and the toll of death and destruction rose, Fitzwilliams' belief that life and property meant nothing to the Russian leader hardened into stark reality. He, like many others had long known it, but the lure of profits had too strong. On this occasion, however, there was no escaping the truth as he himself, Michael Edward Fitzwilliams, was directly concerned and a potential pawn on the check board of a thug parading as czar.

As Kremlin backed forces pushed into eastern Ukraine and the rouble headed for seventy to the dollar, S&P, for the first time in a decade,

downgraded Russia's sovereign debt rating to junk status.

Fitzwilliams, if he needed any further evidence of Putin's power to meddle, had no further to look than Greece, where in the latest act in the ongoing drama, the Greek leader, Alexis Tsipras, launched a barely veiled threat to Brussels, playing Russia off against the EU.

As a former member of the Communist Youth of Greece, the new leader's ties to Russia were long-standing. That together with the tenuous link of a shared religion offered numerous possibilities for blackmail, since the Balkans, and more especially Greece's neighbour, Serbia, had long been the stomping ground of Russian Orthodoxy and interference.

As the pressure grew and new sanctions were announced against Russia, Putin was like a cornered bear, ready to lash out at his taunters. The idea that sanctions would inflect Putin's aggression in Ukraine had as much hope of succeeding as Fitzwilliams, or others implicated in the conspiracy surrounding the seizure of Tarasov's InterBank, had of escaping the Kremlin's long arm if Moscow decided its interests were compromised.

## Chapter 6

### A GRINGO

The previous day Barton had taken a flight from Madrid Barajas International airport, destination Bogota. Avoiding unwanted attention he had slummed it in business class and comfortably ensconced in the new long haul Airbus A300-600 had slept for a good part of the twelve hour flight.

During his waking moments he contemplated the reasons for his sudden departure: it was a long needed vacation, he explained to himself. How long a break was another matter. Any outstanding business would be taken care of in his absence by the bank's team pending future decisions.

The weather had been fine when the Iberia Airbus took off from Madrid: a clear blue sky and an outside temperature of ten degrees centigrade, and although the summits of the surrounding hills were white with snow, it was an improvement on London's persistently damp, dismal, cold weather.

The next morning in Bogota he felt a distinct whiff of spring in the air, it was ten degrees warmer than Madrid. However it was not spring, Bogota

was five hundred kilometres north of the equator at an altitude of 2,540 metres above the sea, where the maximum daytime temperature very rarely exceeded 20°C or sunk below 10°C.

After a little exploration in the city centre he paused on the terrace of a café named Juan Valdas, which according to his newly acquired guidebook was reputed to be one of the best coffee houses in the Colombian capital, which he was discovering as a noisy dusty city perched high on the Cordillera Oriental.

He studied the customers: business people taking a break; a Chinese girl, a tourist like himself; and a few young professionals. Some were looking at their smart phones. An older man was having a shoeshine, which explained the waxy smell of polish mixed with that of coffee hanging in the air.

He ordered a micro machiatta, the sachet of sugar was marked with the word Panela which he figured was some kind of cane sugar.

Juan Valdas was more like a Latino Starbucks, noisier, easy going in a different way. There was a constant coming and going; the animated chatter of mid-afternooners exchanging news with their business friends or simply take a pause.

They were not the poorest Colombians. The customer having his shoes polished nodded to the fifty year old shoeshine boy signalling an additional buff, and in doing so defined their respective roles. Yellow taxis and large SUVs rolled past on the narrow street. A couple of twenty-thirty year olds started canoodling. It was time to go, it seemed there was nothing much more to discover in Bogota.

He decided he would head north the next morning, in the direction of Villa de Leyva and Barichara, and returned to the hotel he booked a car rental with a little help from the front desk.

He needed to regenerate himself, he had enough of glass towers, offices and hotels, impersonal ostentatious surroundings. He had been living in a crystal bowl: surrounded by fawning service personnel, and those hoping that some of his accumulated wealth might rub off on them, hopeful deal makers, and those who had made it like himself, but whose lives were lost in trying to own the most expensive super car, the most expensive home with the most expensive wife, in the most expensive part of town.

In short the novelty had worn thin. He needed to feel what real life was about again: to be free of the never ending constraints and obligations. He had drifted apart from Sophie, he simply hadn't had time to consecrate to building a lasting relationship, constantly flying back and forth between

London, Paris and wherever, when he wasn't heading off to Moscow or Shanghai.

It had got to the point where he felt he no longer controlled his own life. Fitzwilliams, Kennedy, Tarasov were caught on an infernal roller coaster, running from one appointment to another: meetings, conferences, receptions and always decisions to be made. Sifting data, deciding which information served to them by their subordinates was useful in a constant pursuit of profit and growth. Which country, commodity, currency or company to bet on. Where to build a new office tower, condominium, set-up a new manufacturing unit, close an old one, open a new market, it was an endless game of monopoly and to what end? At least that's the way it seemed to him.

After visiting Villa De Leyva he continued to Barichara, two hundred and fifty kilometres south of Bogota in the Cordillera Oriental, there he found a small hotel surrounded by a courtyard garden. La Candillaria, a posada, had only seven rooms and apart from his the other six were vacant. On the square outside was a house where Humboldt had once sojourned and a few metres further a signpost pointed to Plaza Mayor: the town centre.

The picturesque seventeenth century town was a haven of peace, clean with little traffic and no crowds. During the tourist season there were probably many more visitors, but as it was it suited him fine and after a short stroll around the centre he decided to stay a couple of days more, and perhaps visit the surrounding countryside.

The weather was agreeably warmer than Bogota, the air more breathable: since leaving the capital he had descended one thousand metres. Early that evening sitting in Portales, a café under the centuries old arcade on the main square, sipping a glass of local tinto, it took little effort to imagine how people had lived in the old colonial town during the three or four hundred years that followed the Conquista.

Apart from the chatter the only other sound was the campanile ringing the Angelus in a nearby convent. There was a total absence of the kind of unnecessary attention he had become used to in the hotels and restaurants of big cities.

The next morning he took his breakfast in the posada's small garden, surround by flowering shrubs and cactus. The silence was almost total, interrupted only by the chattering of small brightly coloured birds and the buzz of insects amongst the flowers. The silence had a healing effect, clearing his cluttered mind of the perpetual and needless demands that had

taken control his life. The same pressures he had sought to escape when he abruptly quit London in 2008, as the economic crisis closed in. At that time, after a chaotic year with too little peace, he found himself back in same trap, that all pervading race to make money, and more and more of it.

That morning in Barichara he set out to explore the stone paved streets lined with rows of low houses decorated with bright flowers, check-out the small shops and observe the passers-by going about their daily business. One or two friendly locals politely greeted him, they were evidently used to the presence of strangers.

He was a gringo and as such could not avoid being taken for a tourist, which he was, but not in the conventional sense, he liked to think, perhaps a nomad, a visitor from afar.

As lunch time approached he made a few attempts to put his Spanish to use. He had gleaned enough of the language during the property boom in Spain to be more or less conversant, then more recently in the Basque Country, which straddles France and Spain.

He stopped to buy a Panama, then checked out a few of the local shops and cafés. He was pointed to a small and picturesque courtyard on the corner of Plaza Mayor where he discovered three or four small places to eat for tourists. He chose a table under the shade of a gnarled tree. The menu was in Spanish and English, which helped, as the food was unfamiliar, not Spanish, and opted for grilled chorizo with yellow potatoes and a beer.

There was no longer any doubt, it was the low season, he had not seen more than a handful of tourists; so much the better, he thought sipping his Club Colombia. It was so different from his last fugue, seven years previously, when modern civilisation's mad speed had caught up with him. At that time he had headed East. First Dubai, then India, before ending up in Thailand: the former he had fled following an outbreak of cholera, and in the latter, with its crowds of tourists, he had met Sophie.

Those places had been alien, his background and upbringing had little in common with those civilisations. Colombia, although it was different, many things were familiar: he quickly discovered his Spanish worked, and many if not all of the people were of European or mixed descent, with whom he could converse, evidently sharing the similar cultural values: history, religion, education and government.

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In comparison to Tom Barton, Kennedy was a different kind of adventurer. He was driven by an irresistible curiosity, which perhaps had its origins in a

form of childhood escapism developed by the presence of an overweening mother. This later developed into a desire to escape the dreary provincial life of Limerick City and his island home in search of exoticism and adventure.

His mother had wanted a different life for her son, different to that she had led as the wife of a driver who worked for the local bus company. In the hard times she had been content to have a husband with a secure job, not well paid, but he had a job, unlike others in the family who had been forced to cross the water to find work.

When her husband, who was older than she by several years, retired, things would have been difficult had not Pat already started to work his way up in the world. Things changed in Ireland, the country had finally thrown off its economic constraints with a surge of growth and prosperity, which enabled him to repay the efforts his parents had made to provide him with an education.

His marriage to Margaret, the only daughter of a well-to-do farmer and landowner, had been a big step up the social ladder, but to their disappointment, and in spite of her prayers, the couple remained childless.

When Margaret inherited the farm and its dependencies they left the management to a tenant farmer. She, dedicating her life to work with the Sisters of Charity at a nearby convent; he, to his flourishing accountancy firm. As his clientele grew he travelled whenever he found an excuse to get away from Limerick, first to Dublin, then further afield to London and the Continent.

It was more than a dozen years since Pat joined the board of what was at that time the Irish Union bank. The appointment followed his success in introducing of the Nederlandsche Nassau Bank to Fitzwilliams, then engineering the merger between the two banks to form the Irish Netherlands Bank, known as INB.

From that point onwards Pat became the confident of Fitzwilliams, opening the door to other opportunities, going from strength to strength. He considerably reinforced his position as executive business development director through the successful negotiations with Sergei Tarasov for the creation of an Anglo-Russian holding bank, formed between INB and InterBank, known as the INI Banking Corporation, which was in effect a holding company.

Kennedy then fixed his sights on China, starting with Hong Kong, where a new world awaited him. His imagined a mixture of twenty first century



Hong Kong and Shanghai mixed with that of the legendary Middle Kingdom, full of promise, discovery and fabulous gains.

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La Peñita Gourmet was a small bar in the Calle Reale, a cuadra up from the Plaza Meyor. It was early evening and the bar was a little triste. Its owner was a portly señora of sixty or more, who had gained local fame as a breeder of champion goats with the souvenirs of her past triumphs, in the form of dusty trophies and yellowing photographs, decorating the bar.

A little lost in ordering something to eat, a Colombian wearing a grey straw Frank Sinatra style fedora came to his help. Once the menu was cleared they started talking together, it was a little complicated because neither was very practised in the language of the other. The Colombian introduced himself as Emilio. He was about fortyish; his face kind, exuding an air of patience, encouraging Barton whenever he fumbled his words. Emilio, an actor, ran the town's cultural centre: teaching theatre and acting, organising cultural events and promoting traditional performing folklore.

After a couple of beers, a friend of Emilio's appeared, an amiable flower-power hippy throwback, who introduced himself as Juliano, an Argentinian, who had settled, at least momentarily, in Barichara. Once Barton had finished his meal, Emilio invited him to join them to a poetry evening at El Pueblo, another of the town's bars.

When they arrived a small crowd had already gathered in the smoke filled bar and Emilio made the introductions starting with Alfonso, an architect, then Muriel a French designer who had set up her atelier in the town, followed by many others whose names Barton lost in the happy clamour. It was late when Barton finally found his way back to La Candillaria, where his new friends wished him a noisy good night.

It had been a long time since he had enjoyed himself so much surrounded by people whose only goal was to enjoy their evening in pleasant company, exchanging stories with Emilio's guest and vying to show him the region and its sights during his stay in Barichara.

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The next day Barton returned to the small food court for lunch. According to a commemorative plaque set into the wall of the archway leading inside, it had been built by a family of local notables in what appeared to be a sprawling colonial style town house and its annexes.

He took a seat by the fountain and after waiting five or so minutes a pretty twenty year old appeared, presented him with a menu, and disappeared. It

was evidently early, just one or two people stood at the small bars and he was the only client in the eatery.

Five minutes or more passed before the girl reappeared. He was discovering the pace of life in Barichara moved at a slow pace and couldn't help wondering if things ever speeded up. As he studied the surroundings he imagined little changed even when the annual folk festival came around, which according to Emilio marked the high point of the town's calendar.

Barton looked at the menu again and ordered a beer and a cheese arepa. It seemed as if everything in Colombia contained cheese in one form or another. Then with a forced smile, more like a pout, the girl took the order and disappeared again.

Looking around he admired the bright flowering shrubs and vines that decorated the courtyard. The soft air barely moved. The only sound came from the gently bubbling of the stone fountain and the cooing of a dove in the tree overhanging his table. There was an air of timelessness and tranquillity. It was a small corner of Eden.

Ten minutes later he was served, this time with a shy smile.

"Habla inglés?" he asked

She made a sign with her forefinger and thumb to say a little.

"It's very quiet," he said looking around.

"Si, holidays are finished."

He wondered which holidays, it was already mid-February.

"Where are you from?"

"England."

"Inglaterra?"

"Si."

"Is it cold?"

"Yes, now."

"I'd love to go to London."

She reminded him of a young Bardot, blond hair and flashing dark eyes.

"Do you live here?"

"Yes, I work here, my grandfather owns the restaurant."

"How old are you?"

"Twenty...next week," she said laughing.

"You are not a student?"

"I am learning English and tourism."

“Very good.”

“My name is Dolores, my friends call me Lola,” she sticking out her hand.

“Oh, I’m Tom, Tom Barton.”

She turned and disappeared inside leaving him to finish his meal. Then, as he wondered how he was going to pass the rest of the day she reappeared.

“You are here by yourself?”

“Yes.”

“Do you like caballos?”

He shrugged, wondering if she was talking about horse meat.

“Can you ride?” She did not wait for an answer. “I can show you the countryside if you like.”

“The countryside? When?” he asked startled by the sudden invitation.

“Now.”

“And the restaurant?”

“Close until evening.”

Barton could not refuse the offer from such a pretty girl, even if she twenty and more years younger than him.

“Why not.”

“So let’s go,” she said pointing the way. “The caballos are not far.”

They led him down an adjacent calle where after about a hundred metres she pointed to a small field where there were three or four horses.

“Here. I will call Jesus. He will fix the saddles.”

Barton, caught off guard, thought she was joking, but was saved from making a fool of himself when an old gaucho appeared.

“Look, that’s my caballo,” she said pointing a tall light tan coloured mare.

“You can take Bolivar, that one.”

Barton was a little dismayed to see it was even taller than Lola’s.

“Don’t worry he’s very tranquilo, he is thirteen years old. He was my father’s favourite.”

The old gaucho helped him strap on leggings, then he pointed at the stirrup. Barton obeyed with his foot and in a single movement the old man hefted him up into the saddle with surprising strength.

Before he had time to ask questions they were heading out into the surround country at an easy gait. After a shaky start he relaxed, settling into the Western saddle, adjusting to the swaying movement of the animal,

marvelling at the unfamiliar hues of the undulating Mediterranean type landscape and the mountains beyond.

“How do you like it Tom?”

“Wonderful,” he replied, and it really was, seated high above the roadside vegetation, the air in his face as Bolivar broke in a trot. Lola drew up beside him, her face filled with her youthful pleasure.

Feeling the warmth of the sun on his face the last lingering feeling of gloom that had hung over him in recent weeks evaporated. As they broke in a canter he realised there was another world to be discovered beyond the City and its unbearable constraints.

He galloped with this youthful Colombian companion across the soft red earth, through strange vegetation, past brilliantly coloured flowers, and towards the mauve and violet hues of the hills beyond, his mind evacuating the echoes of London’s omnipresent media, dismissing the exhortations of BBC India and the press that whipped up opinion, reporting the rantings of interested politicians and businessmen, all of which was as irrelevant as the endless commentaries on the exploits of tattooed men chasing balls.

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Over the next days Lola showed Tom Barton the countryside surrounding Barichara, galloping through a landscape of amazing variety, under the springlike sky of the Andean Altiplano. Barton was enchanted and Lola radiated with pleasure.

Emilio jokingly warned him he would find himself in trouble, not only was the town small, but Lola was young and unruly. She had made life difficult for grandparents by her refusal to go to university. In reality she clung to the protective warmth of her grandparent’s home in Barichari, where she lived following the death of her parents in a car accident on the dangerous mountain road to Bucaramanga. She had been just twelve years old when her maternal grandparents were suddenly confronted with the task bringing up their tragically orphaned granddaughter.

Lola’s grandfather, Don Pedro Herida, adored her. She was all he had after the loss of his daughter. His family had fought alongside Simon Bolivar in Colombia’s War of Independence from Spain at the beginning of the nineteenth century. At the end of the war the family expanded its large estates that lay between Leyva to the south and Barichara to the north adding to their wealth and prosperity.

Lola’s only real interests were her horses, and her home, the Hacienda San Cristobal, set against the rolling landscape of the Altiplano and the

surrounding peaks of the Cordillera Oriental, in a region blessed with a year round climate of eternal spring. It was not surprising Lola that had rejected out of hand the idea of leaving home to study in the depressing wet, cold, atmosphere of Bogota.

Some saw her as spoilt and petulant, but Lola's grandmother understood her and coaxed her into learning about the realities of life and what better than a job at the food court in the recently restored property the family owned in the town centre.

The spacious corner house had been transformed into the food and souvenir court at the prompting of the mayor as a contribution to his programme to attract more tourists to Barichara. His plan was to transforming the town, already a world heritage site, into an obligatory stopover on the Andean trail for discerning travellers.

Lola found her job in the small café uninteresting and boring, the tourists were mostly old or young married couples passing through. Those who stayed over in Barichara like Juliano she disdained, they were not of her class, and besides that she had little or no interest in that style of backpacker with his knitted Andean shoulder bags, sandals and bongos.

As the days passed Tom relaxed as his riding skills improved and he felt at ease at a gallop. At the same time his feelings towards Lola were confused, was he a father figure, an uncle, or was it something different? She was very young, and beautiful, but their age difference was something else. Lola was no dizzy aspiring fashion model, nightclubber or eco-warrior. Her family life that of colonial grandees: the Colombian upper class, old money, whose wealth had been based largely on the ownership of land and property and more recently industry and commerce.

"Would you like to see the waterfalls tomorrow Tom?"

"What about your job? What will your grandmother say?"

"I told her I'm having extra English lessons."

He laughed."

"Is true," she said with a pretty pout.

"With who?"

"An Englishman."

"Did you say he was old?"

"You are not old Tom."

"I'm not so sure about that.""

"What?" she said not catching the phrase.

“Never mind.”

“Is okay?”

“Yes.

She threw her arms around him and kissed him on the cheek.

“We can swim in the pool.”

Monday morning they set out to visit the Cascadas de Juan Curi, near San Gil. They parked the car and after a walk of about fifteen minutes along the bank of a river, they reached the fall that towered more than two hundred meters above a pool of crystal clear water.

“You can climb to the top,” said Lola pointing to a ladder and ropes.

“No thanks, I don’t feel like breaking my neck.”

“What?”

“Never mind, it’s a joke. I prefer to swim.”

It was hot, though not much more than a fine English summer day. There were no seasons, Lola told him, the vegetation perpetually green with flowers throughout the year.

“Nobody comes here?”

“Yes, but only weekends, or in the high season.”

“So, shall we swim.”

He had taken the precaution of wearing his swimming trunks under his shorts and was quickly undressed and in the water. He was surprised by the pleasant temperature.

“Come on,” he shouted to Lola.

“I forgot my, what you say ... top.”

He laughed, “Never mind, I won’t look.”

He turned his back and a few moments later she was behind him lacing her arms around his waist.

“Guess who?”

He playfully wrestled her under the water and then splashed off towards the fall that cascaded into the pool over a series of step-like rock slabs.

We can go up, there are more pools, she point to the fall.

They clambered over the rocks, through the cascade to the upper pool where they played like happy children under the fall as it tumbled down the mountainside. Sitting down on a shady ledge, they shook off the water and listened to the splashing stream.

“How do you like it Tom?”

“Very beautiful ... like you.”

She put her hand on his and drew herself to him, her lips brushing his cheek.

“Te quiero Tom,” she whispered softly.

He kissed her lips and pulled her close. She seemed to melt in his arms. He felt her firm breasts, his desire seem to submerge him.

“No Lola,” he said gently pushing her away.

“Si Tom....”

They lay on the rock, apart from the movement of the water a total calm reigned. Her head on his shoulder and her arm across his chest, he watched the gentle rise and fall of her back as she breathed. Their love had been tender, natural, she was not experienced and had let him guide her.

An hour later they slowly made their way back to the car, their arms entwined; not a word was spoken.

Lola was not very talkative when it came to her grandparents, though it was evident that they were the centre of her world.

What Tom Barton gleaned came from Emilio.

Don Pedro Herida was a grandee, an important man in the region, often absent for his business affairs in Bogota, Medellin or Cartagena. His splendid colonial home was situated five or six kilometres from the old town of Barichara, which Barton had only glimpsed from a distance during his afternoon rides with Lola.

The invitation to the Hacienda was inevitable, which did not make him any less nervous. Lola had told her grandfather he was teaching her English, which Barton realised was rather thin, to say the least. In a small town there were eyes and ears everywhere, commencing with Jesus, the old gaucho.

Barton was picked up at his hotel by a chauffeur and driven to the hacienda where Lola, after shyly introducing him to her grandfather made some excuse almost immediately disappeared, leaving Barton alone with the tall, aristocratic Colombian.

“Welcome to Colombia Señor...”

“Barton ...” Tom Barton, he said introducing himself, somewhat intimidated, not in awe of the Colombian, but rather because of his own awkwardly embarrassing position as a not very convincing ‘English teacher’.

“So my granddaughter tells me you are teaching her English,” said Don Pedro raising his eyebrows.

“Yes, but I am afraid I’m not an English teacher,” replied Barton, believing it was better to avoid being ridiculous from the start.

“Oh!”

“I’m spending some time here in Barichara,” discovering Colombia.

“That’s good news. My family came here more than four hundred years ago with Pedro de Herida. In 1525 to be exact, when he landed in Santa Marta. My forefather was his brother.”

There was a silence.

“Señor Barton, I will be honest, my granddaughter is very special to us, she is very young ... she is also very headstrong, the temperament of her mother. Lola has never shown much interest in the things many young women of her age seem to be attracted to, fashion, big cities, music .... We have been worried about her future... you see we are, as they say, getting on in age.”

But ..., he added with a quizzical smile, “just recently she seems to have become more easy going, happier, perhaps it is your English lessons? ¡Quién sabe!”

Barton choked.

“As I said, I will be direct. My information is you are a serious person. You have means ... banking and investment, I believe.”

“Yes,” admitted Barton seeing the old man had done his homework.

“But I am curious as to why you are in Colombia?”

“That’s a good question Don Pedro, so I will be equally frank. It is true I have been successful in my investments, but money is not everything. I decided, if you can understand it, to take a pause. Business meetings hotels and airports and do not make for a happy life.”

“I can understand that. You have no family?”

“No, I am not married, if that’s what you mean. My parents passed away some years ago.”

“I’m sorry.”

“Thank you.”

“So what do you want to do in Colombia?”

“Barichara’s a nice place, perhaps I’ll look at some property here.”

That would be a good idea ... and Dolores?

Barton shrugged his shoulders, surprised the two were linked, and lost for an answer.



“There is a big difference in age, she is just twenty.”

Barton acquiesced.

“When I married Lola’s grandmother, there was also a big difference in our ages .... When we lost our only daughter, Lola’s mother, it was very hard for us. Now Lola is all we have. So I will ask you to be good to her.”

Barton nodded numbly. It seemed everything was cut and dry. He confusedly wondered what he was letting himself into without having the time to think about the future.

“Our family has consolidated its wealth over generations. I would not like to see Lola married to a poor architect or a penniless actor. Marrying young in our country is a long tradition. In the past life was hard and people did not live long. Before I die I would like grandchildren. You understand Señor Barton.”

Barton smiled and nodded, he understood Herida’s urgency and his concern about the family fortune. On the positive side, if that’s what it should be called, it seemed as though he had passed a test.

“I have always admired the British ... they gave us a lot of trouble over the course of our history, but that is the past. The English were empire builders like us.”

Barton smiled, relieved the don had a good opinion of the British.

“What would you like to drink Señor Barton? Maybe a glass of our very own wine?”

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It was time Tom Barton tended to his affairs, there were a few pressing matters, but it seemed he had burnt his bridges. His future it seemed lay in Colombia and it was time to ensure his investments were protected.

To start with he instructed his lawyer in London to ensure the maintenance of his home and properties in the capital as well as those in France. As for the Emerald Pool, which was no longer so far away, that was being looked after by Sarah Kavanagh’s staff.

After winding down the hedge funds he managed, he had banked his gains, the others would be looked after by the bank. He had doubled his earnings since 2010, but all the signs the bull market was coming to an end were there. Wall Street was becoming less attractive as risks grew. When the Ukrainian crisis erupted, he had on the advice of Sergei Tarasov switched to blue chip investments. The previous summer he had got out of oil futures when he realized over production, together with Putin’s adventure, made

for bad news. Then he dumped his American shale investments, sooner or later they would be hit by high production costs, growing stocks and falling prices.

He cut his losses as the Europe Zone stalled deep in the doldrums. From where he stood the Old Continent was in trouble: France stagnated under Hollande's socialist policies, the euro had weakened, so logically he spread his currency holdings to Swiss francs, dollars and sterling. What he gained on the Swiss franc he had lost on the euro.

Barton's net worth had grown spectacularly over the previous five or six years. His relations with INI, Tarasov and investment banking had given him access to unequalled sources of information. What information he learnt with the bank was within the rules and very precious to those with the means to invest.

As investment fund manager he had netted massive gains and investors huge profits, his departure left some disappointed but richer investors. As he saw it he had accomplished what he had set out to achieve and it was time to move on.

He had the feeling the market had reached the end of a long positive cycle, perhaps he was wrong, but in any case he had had a long winning streak. What came next would be more volatility and less visibility, and though he was a lot of things he was not a gambler.

It was time to retire and enjoy his wealth, and even if he was old enough to be Lola's father, many good years lay ahead in Colombia: new horizons; a new life; and a new and exciting world.

## HOTEL COLOMBIA

It was late afternoon when Tom Barton's phone rang: it was a text from Liam Clancy announcing they were nearing Panama City. Barton replied informing him he would be waiting at the Casablanca bar on the corner of plaza Bolivar in Casco Viejo. He had rented a studio apartment for Liam in what was once the Hotel Colombia and where he himself was staying.

Barton had been engrossed watching CNN News as anchorman announced Vladimir Putin had signed an agreement with Cyprus, that gave Russian navy ships access to the island's ports, an information did not bode well for the future, as the deal coincided with a new flare up of tensions in the Ukraine. Russian interests in Cyprus, an EU country, had continued to

grow and the very thought of Russian air bases on the island was enough to send leaders in Berlin, London or Paris into a fit of shivers.

The Hotel Colombia had started out as the Colonial. It was built in 1937 by a Peruvian architect Leonardo Villanueva together with Viktor Tejeira. Villanueva, it is said, was inspired by a visit he made to Seville in 1925, designing the edifice in an extravagant mixture Neocolonial and Andalusian styles.

At the time it opened it was certainly the best hotel in Casco Viejo, the historic centre of Panama City, though in more recent times it fell into a state of serious neglect and disrepair before it being finally renovated and transformed into private apartments.

The Casco Viejo was undergoing a vast renovation programme with most of its historic monuments and buildings being restored to their past glory and its fine homes transformed in luxury apartments or hotels. In spite of that, a good number of ancient apartment houses, for lack of money, remained grim slums: homes for the very poor.

What surprised Barton on his arrival in the old town were the many façades and their barred windows looking onto empty weed strewn plots, the interiors razed, waiting for investors. He guessed Panama's Casco Viejo was ten or more years behind Cartagena de los Indias in its transformation into a tourist centre.

On the days cruise ship docked at Colon, day-trippers flooded into the old town on flash tours. 'We did Panama' with brief pauses at the city's splendid colonial churches and history museum. It seemed to Barton few visitors bothered to spend more than fifteen minutes or half an hour at what was as extraordinarily rich and interesting presentation of Central American history and Spain's Colonial Empire.

But who was he to judge, his interests were different, he had more time, as had many, often more cultivated individual travellers. Day-trippers had just sufficient time for a perusary glance, lunch and a few photos to mark their passage.

From his apartment Barton had no further to go for dinner than the elegant Casablanca, which had nothing in common with the Moroccan city in style or cuisine, apart from the shared Spanish name. It was situated on one corner of the Hotel Colombia, facing the cathedral on the opposite side of Plaza Bolivar. The Casablanca was a first class restaurant with a valet parking service for those who drove in from their skyscraper condos in Punta Patilla or Boca La Caja.

It took a little time for Barton to put his finger on that something which was missing in Casco Viejo: *ambiance*. It had no soul ... yet. Everything was new. The recently restored buildings of the old town, some dating back centuries, that housed hotels, boutiques, coffee shops, apartments and museums, were owned, rented or staffed by strangers to the old town..

The poor had been evicted, or were hidden out of sight in the Old Town's more dismal side streets. They were so poor and shunned it was difficult to comprehend how they had been forgotten in the flurry of restoration. They represented the worst face of Central American capitalism, beyond the pale, beyond Thomas Piketty's reckoning.

After four hundred years of colonisation and one hundred years of North American domination, the Panama's economic and social system resembled to a certain degree those of its Central American neighbours, with wealth and power held by a privileged few. Leaders such as Castro, Chavez and Morales had started out with the intention of reforming their countries, by turning to socialism, others had chosen an authoritarian path, but neither had produced notable material improvement for the very poor.

Viejo Casco, the old town, was much smaller than Cartagena's Casco Antiguo. In fact it was just one tenth of Cartagena's three thousand five hectares and its population proportionally even smaller. After Barton's calculation its monuments, hotels, restaurants and shops would always be second to Colombian city as a tourist attraction.

## PANAMA

It was late the same evening when Pat arrived in Panama. His presence had become more urgent given Barton's sudden disappearance. What was Barton's role in the City & Colonial takeover? Was there something that he should know?

He had spent most of his time on the London to Miami leg pouring over the old maps of Central America he had bought on Charing Cross Road and reading the history of the Spanish conquest of Mexico. From Miami he slept a little and as the flight approached Panama City he awoke feeling refreshed, in spite of the long journey. Whatever the comforts offered by first class travel, flying was tiring and Pat was always pleased to escape the confinement of the airport on arrival.

Jose Laborda, head of the law firm that managed INI's business in Panama, met Kennedy and accompanied him to the Intercontinental, situated in the

down-town area of the city on avenida Balboa overlooking Panama Bay and the Pacific. A flurry of flunkies guided them to Kennedy's suite high up in the hotel. There, Laborda pointed to the west and Casco Viejo, the old town, though suggesting Pat put off any visit he planned until the next day, tactfully warning him of the dangers of getting lost in Panama City in the late evening.

Laborda wished Kennedy a good evening when Pat excused himself, feigning fatigue and confirming their meeting the next morning at the lawyer's offices.

As soon he arranged his affairs and took a shower Kennedy descended to explore the hotel's immediate surroundings. His memories of Mexico and the Caribbean fifteen years earlier made him a little wary. A quick reconnaissance confirmed his initial impression of Panama, that is one of surprise, in a certain manner of speaking the skyline was not that different to that of Hong Kong's or Shanghai's. The people on the streets were in a manner of speaking not unlike to those of Canton, though fewer, nothing could beat China's multitudes, except for India he had been told, a country he had assiduously avoided though he had pleasant memories of nearby Sri Lanka..

Where did the money come from? Kennedy asked himself. It was not as if he did not know, but he couldn't help marvelling at the result. Panama and places like it were the end recipients of a constant flow of money from every corner of the planet, that is anywhere where money was to be made: money that passed through the net escaping all forms of governmental control and taxation.

Channelling money to offshore financial centres was an integral part of INI's business, and others like it, twenty four hours a day, every day, year in year out. Kennedy was attracted by the idea that anyone with a bit of money could escape what the Panamanians called the frivolities of British or European governments in matters of taxation. Investors, if that's what they could be called, could even obtain a Panamanian citizenship, and those with substantially more money at their disposition, as in his own specific case, could if they wished live like a legendary South American dictator.

When it came to money Pat was not immoral he was simply amoral. Moral considerations simply did not exist in his universe, though it was wise to avoid the sanctions of the law, as he had already learnt. Beyond that it was as the Romans put it *pecunia non olet*.

At the same precisely the same moment Pat Kennedy disembarked at Tocumen International Airport, thirty kilometres to the west, Liam Clancy arrived at the Albrook Bus Terminal in Panama City. Kennedy had travelled Champagne class from London, some ten thousand kilometres distant, whilst Liam, with his newly found girlfriend, spent about the same time to cover the distance from Bocas, about three hundred kilometres to the west of Panama City. The difference was the young couple had made the journey in the cramped back seat of a bus, above the motor with the heat and noise that went with it. Luckily for them they were spared the odours of the toilet, an arm's length from Liam: it was locked ... Fuera de Servicio ... Out of Order.

Liam was almost oblivious to the discomfort with Gisela by his side and as the hours passed he found himself more and more captivated by her presence, which did not prevent the journey from being exhausting.

On their arrival at the Albrook bus station, he showed the address of the Plaza Bolivar apartment to the taxi driver who feigned ignorance in the hope he could extract an extortionate price from the young gringo, but when Liam questioned him in fluent Spanish he demurred, announcing a lower price though largely above the going rate. Liam was too weary to argue and nodded okay.

Ten minutes later they pulled up in front of the Casablanca, like two adventurers newly arrived from the wilds, where they were warmly greeted by an astonished Tom Barton who presented them to Ariel Romeo, the owner of the apartment booked for them, who had the concierge take their bags as he pointed the way to the entrance of the grand ochre coloured edifice. The spacious apartment was situated on the third floor and was decorated and furnished in a forties style which corresponded with the Colombia Hotel's period of past glory. From the window of the main room they had a splendid view overlooking plaza Bolivar and the pavement terraces of cafés below.

After showing them around Ariel handed over the keys, wished them an enjoyable stay and left. Gisela threw open the windows to admire the view, she was delighted. Then after freshening up they joined Tom Barton who was waiting at the Casablanca's bar.

Wanting to stretch their legs after their long day in the bus they could only agreed to Barton's suggestion for a short walk before diner in a restaurant nearby the French Embassy two or three cuerdas from the Hotel Colombia. The restaurant was modern and stylish with a terrace overlooking a small

square. Barton recommended a gourmet menu: a dozen dishes of selected local specialities, served with first class red and white wines. He calmed their fears, reassuring them that each dish was no more than a couple mouthfuls. The first was beef marrow and confit d'oignon followed by ceviche, a delicious local dish of marinated raw fish in a mixture lemon juice, garlic, red onions and spices.

As the plates followed they relaxed, observing the flow of Panamanians arriving in the square in an almost constant stream of large upmarket SUVs, for whom a dinner of a few hundred dollars was nothing, an uneasy contrast with the scene they had passed a block or two away in the dark side streets, where poor families squatted outside of their wretchedly cramped dwellings, the smell of their simple evening meals wafting into the evening air, the women watching over their tiny charcoal stoves in the narrow doorways of their pathetic homes, whilst the men sat in resigned silence on the curbstones outside watching their small children play.

A couple of days earlier Barton had happened on the scene, a constant reminder to him of life's inequalities, realizing he was first in line on the bench of the accused. But there was little he could do except promote employment by investing his gains in productive industry.

On returning to their apartment Liam checked his mail and to his surprise discovered a message from Pat Kennedy announcing he had already arrived in Panama City. With a quick call they agreed to meet the next day for lunch, which would leave them time to settle in. Liam gladly accepted Pat's suggestion they all get together around midday, and sensing he wanted explore, he proposed the Casco Viejo and what better meeting point than the Casablanca.

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The next morning Liam was up early and whispered to Gisela he would slip out to find something for breakfast. Below, on the plaza, he discovered everything that Bocas was not: a beautiful, colourful, newly restored colonial city. A waiter at the pavement bar pointed the way and a couple of moments later he found a small twenty four hour store run by a Chinese family, as were many such stores in Panama, just a cuadra from the plaza, where he bought juice, milk, bread and eggs.

Liam served the breakfast on the colonnaded balcony which offered a magnificent view of the cathedral across the plaza, in the centre of which stood a statue of Simon Bolivar, Latin America's liberator and hero, benignly watching over the passers-by.

It was just after twelve when Liam spotted the unmistakable figure of Pat Kennedy below, already fitted out with a Panama, stepping out of a taxi on the south corner of the plaza, bringing to mind a vision of Graham Greene's tailor, James Wormold.

A couple of minutes later they were below waving to Pat as he was about to disappear down one of the calles that formed a cross road on the corner of the plaza next to the Casablanca.

"Pat, how are you, this is Gisela, a friend."

"Great," replied Pat beaming with pleasure, clearly approving the young woman, who emanated an image of health and beauty.

"A fine place," said Pat with a wave of his arm towards the plaza.

"Absolutely, we have a place up there said Liam pointing up to the Colombia, Tom fixed it up for us."

"Excellent. Have you had a chance to look around," asked Pat.

"No, we just got here yesterday, like you. We had dinner with Tom yesterday and he'll join us for lunch. I just have to call him when we've decided where to go."

"Excellent, tell me everything," said Kennedy, delighted Liam had linked-up with Barton.

They headed towards the south corner and soon found themselves on the square where they had dined the previous evening. The square was dominated by a statue of Ferdinand de Lesseps, the ill fated pioneer of the Panama Canal, whose gigantic construction project ended in bitter failure.

An hour later they were back at the Casablanca enjoying cold beers beneath a parasol.

"Zum wohl!" said Pat pleased to practice his German.

"Zum wohl!" replied Gisela politely.

"¡Salud!" added Liam.

They all laughed.

"So what are your plans now Liam?"

"Well I'm enjoying the break."

"It looks like it," said Pat glancing towards Gisela.

"After here we're stopping off in Cartagena in Colombia. Tom Barton is going to be there ... it seems he's developing something new."

"I see. A lot of things have happened over the last weeks!"

Liam nodded, it was not his position to comment on the high level



manoeuvres in the bank.

‘We’ll have to be patient, but everything will be straightened out in London shortly. Michael has plans.’

“It sounds good.”

“Yes. He’s working on a new plan. That’s between us.”

“Of course, and Hong Kong, if you don’t mind me asking.”

“Nothing to worry about there Liam, you’ll be fine.”

Liam felt embarrassed at being so easy to read.

“The future is looking good for us,” he said with a conspirational laugh.

That was certain thought Liam, especially for Pat, it was no secret Kennedy was a very rich man.

“How long will you be staying in Panama?”

“I’m not sure for the moment, but I’ve a couple of meetings here with Jose Laborda, he’s our lawyer here, you’ll meet him tomorrow. Then to be honest I was hoping to get together with Tom. Then I have something to see in Nicaragua.”

“Nicaragua?”

“Yes, ‘ replied Kennedy with a conspirational wink.

The waiter appeared and Liam explained in rapid Spanish they were waiting for a friend.

“I forgot you were fluent in Spanish.”

“Yes, thanks to the Irish Union.”

“Irish Union?”

Liam laughed.

“Yes, in 2008, when I was laid me off, there was nothing doing in Ireland, so I sold my pad in Dublin and headed for Spain.”

“Yes, of course,” replied Kennedy having forgotten Liam’s story.

“Set up a consulting business. It’s still going. Actually business has picked up quite a bit.”

“So I’ve heard,” said Kennedy remembering the details.

“Look here’s Tom now,” said Liam standing up.

Pat greeted Tom like an old friend he hadn’t seen in years. They ordered drinks and exchanged news. Tom explaining his presence in Colombia, uneasily justifying it with a story of investment opportunities. He carefully omitted Lola from his story, unsure of how he could explain she was just twenty years old, and especially in the presence of Liam Clancy’s new

girlfriend.

Pat spoke of Hong Kong, Lili, Lily Rose and their visit to London. Liam enthused about Bocas and Gisela listened, surprised at the sudden change in her plans. Barely a week before she was bumming it with her surfer friends on the beach of a tropical island, and now she was sitting in a smart restaurant in Panama City with three British bankers, one of whom she had developed more than a little passing interest in.

\*

Pat Kennedy's morning had not been wasted. He had risen early for a meeting with Jose Laborda, whose family's connection with Fitzwilliams' bank went back to the sixties when his father had been introduced to David Castlemain's father by a mutual friend, Malcolm Smeaton.

During the fifty years that followed the law firm had supplied legal, financial and consultancy services to the Irish bank and its Caribbean emanation. Beside the usual legal advice relating to contracts, purchases and real estate transactions, the firm provided more specialised services of which there was an ever growing demand: the creation of Panamanian and offshore companies for foreign businesses or individuals, the setting up of private foundations, the opening of all types of offshore bank accounts, questions relating to trademark and patent registration, copyrights and last but not least immigration. The latter concerned the obtention of permits or visas for the entry and sojourn of foreigners in Panama, and procedures related to the acquisition of Panamanian citizenship.

Panama had enjoyed a privileged position in Central America for more than one hundred years, the transoceanic canal was not only of vital importance to Washington, but a vital point of passage for worldwide shipping. Then, in more recent times, Panama City had become an important hub for air travel between North and South America with in addition daily connections to Europe and Asia.

Laborda's was a family law firm, just one of the many law firms in Panama City, but smaller than the larger better known providers of legal and trust services such as Morgan and Morgan, and Mossack Fonseca. It offered a more personalised service to its clients in a country where discretion was a way of life.

Panamanian providers of legal and trust services, together with their branches throughout the Caribbean, made it easy for their clients to set up offshore bank accounts or shell companies, without public disclosure of ownership and the real directors, in any one of a number of tax havens

including the British Virgin Islands, home to about forty percent of the world's offshore companies.

For more demanding clients they proposed shadowy offshore islands such as Niue, a tiny South Pacific island nation with a population of fewer than two thousand, which offered registration for certain Chinese and Russian clients.

Some of the world's biggest financial institutions, including HSBC, City & Colonial, Société Générale, Credit Suisse, UBS, and Commerzbank, had aided clients set up complex structures via Panama, to hide money from their respective country's tax collectors and government authorities. Nominee directors, that is stand-in directors, hid the identity of the real owners of bank accounts held by anonymous offshore companies, which together with the laws of secrecy in the different jurisdictions made it hard if not impossible for authorities to track down the real owners.

Amongst the entities established in Panama were foundations, initially listed as non-profit making organisations, declaring for example the World Wildlife Fund as a beneficiary, a detail that could be changed without the least formality.

Pat had taken the precaution of walking to Laborda's office, situated in an office tower in Riu Plaza, off Avenida Cruz Herrera, a short, but sticky, ten minutes on foot from the Intercontinental. He had learnt one could never be too careful when it came to the bank's business in cities like Panama, a pole of attraction for sensation seeking media investigators.

Pat's concerns, mostly related to his Chinese clients, were discussed directly with Laborda in a business like manner. It was a serious, to the point, meeting without time for the normal niceties of international business. Towards eleven thirty the discussions concluded Laborda's chauffeur drove Kennedy to Casco Viejo where he dropped him off a couple of blocks from Plaza Bolivar.

## LONDON

Two weeks had passed since City & Colonial grab when Pat and Lili Kennedy flew into London. It was late January and bitterly cold compared to the spring like weather in Hong Kong. On arrival at their London home on Cheney Walk early that Sunday morning they found it glowing with warmth and once settled in they enjoyed a light lunch prepared by Pat's faithful Irish housekeeper.

Their immediate plan was to relax, take a walk, perhaps over the Albert Bridge to Battersea Park or around Chelsea, before contemplating the week ahead with their lawyers on the subject of INI and its holdings in the different banking companies nominally under the control of City & Colonial.

Michael Fitzwilliams would of course not be there, but he had agreed to meet with them the next evening at a restaurant in the West End. Pat had spoken with Fitzwilliams over the phone; the tone was conciliatory, they had both had time to absorb the shock of the changes in London and now was the time to fight back.

John Francis provided moral support for Fitzwilliams and the banker's lawyer, James Herring, set about the thorny question concerning the legality of the Bank of England's role in the affair. The B of E's role was, theoretically, a consultative one, it was not a commercial bank, and its control of markets and credit covered just a small percentage of all business.

In reality the state no longer controlled the issuance of credit. The fact was, commercial banks, credit companies and the shadow banking system had broken free. The question for government was how to rein in the system, without upsetting its natural equilibrium and at the same time circumventing the interests of the establishment's chums.

Perhaps banks had become too big to fail, but that did not permit the government to play monopoly whenever they deemed it politically expedient, as it had done with INI to avoid upsetting their forthcoming re-election strategy. The question Fitzwilliams posed concerned the legality the motives behind the government forcing him to surrender control of the bank, causing the disintegration of a viable, though momentarily embarrassed institution.

Arguments pointing to the British banking crisis of 2008, when uncontrolled credit had been the principal cause of the collapse, was not sufficient. The British banking system had neither been threatened by the difficulties of INI, nor its links with InterBank in Moscow.

John Francis was not in the least surprised by the chaotic management by Downing Street. Governments across Europe were losing their marbles, as he put it, one only had to look at them and the ECB's hastily cobbled together plans to measure the consequences: austerity and unemployment.

Re-election was all that counted, which meant that any governments which did not meet the aspirations of its electorate: prosperity, employment, the defence of their traditions and values, would be swiftly voted out of power.

Historically dominant parties, unable to satisfy the demands of the electorate, would find themselves replaced by populists who promised change. The problem was populist parties offered radical solutions, regardless of their tendencies: extreme right or left, or the surreal semi-mystical imaginings of certain ecologists movements. In simple terms they were demagogues, the forerunners of the kind of leaders that led to disaster in the 1930s.

Francis, and many others, believed human society had reached a critical point in its development, where changing one government for another similar government had little or no consequential effect on human development.

The days when a nation thought it could solve its problems by exporting more, or devaluing its currency were past. Globalisation and technology caused information to flow at Internet speed, ideas being communicated from one country to another in the blink of a politician's eye. The man in the street was instantly informed of the latest national or international news, be it a terrorist attack, a dramatic fall on financial markets, the shooting down of an airliner, a political scandal, whatever. Politicians were out of touch, slow to react, and many voters saw them as obsolete and with superannuated ideas.

Francis like many economists had long realized the world had changed beyond all previous imaginings. A new era had dawned, one that scientists had baptised the anthropocene. An era where the human species had reached a point in its inexorable expansion where man ruled the earth, and his needs and desires went beyond the capacity of any politician to understand.

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The London based INI Banking Corporation, was in effect a holding company, and as such it held shares in a collection of banks and financial undertakings, in the UK and overseas. It managed a bevy of hedge funds, held bonds and other securities, and owned fixed assets such as property, as well as trademarks, brand names and licences.

Its principle interests were in the different banks that formed the group notably INB (Irish Netherlands Bank) Ltd, in which it held a majority stake, as well as its private and investment banking units, overseas banks - in Dublin, Amsterdam and Hong Kong. As for InterBank, Moscow, its shares were held in an INI Luxembourg registered holding company.

The holding company was based in the Gould INI Tower in the City of

London, where it managed its investments. The UK retail bank, INB Ltd., and the private and investment banking units were also headquartered at the same address.

In 2010, the logic of creating a link with Russia, with its enormous natural resources - the development of which called for financing on a vast scale, had made good sense.

It been a unique opportunity and the two banks, INB and InterBank, seized it, forming a partnership via a vehicle created for that sole purpose, the Luxembourg holding company, in which each bank was represented by its respective CEO. Fitzwilliams and Tarasov were each attributed twenty percent of the shares in the INI Banking Corporation (Luxembourg) LLC, and the remaining sixty percent held in equal parts by their respective banks in London and Moscow.

They had been encouraged by the Kremlin's movers who believed it would forward their ambitious plan to transform Moscow into a banking centre and an international finance hub.

The existence of a Memorandum of Understanding between financial authorities in Moscow and Luxembourg, laying out the terms of a know-how sharing agreement between the two countries, had encouraged more than three thousand Russians, specialists in banking, finance and related services, to set up residence in the Grand Duchy, which was effectively one of the EU's principal offshore banking hubs, with its tradition of banking secrecy and its cross-border financial expertise.

About that time, the all powerful Russian giant Gazprom established a bank in Luxembourg. The Bank GPB International SA, offered corporate banking, investment banking and asset management services. It was not alone, as other vehicles owned by major Russian businesses were already established there to facilitate the movement of the oligarchy's capital.

In this way INI Luxembourg and its Dublin counterpart managed bond issues for Russian energy producers, including Yakutneft, earning substantial commissions in process.

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The in vogue economist Thomas Piketty wrote: 'Inequality as such is not necessarily a bad thing, the central question is to know if it is justified, if it has its reasons.'

John Francis, as an economist and historian, saw the Fitzwilliams' family wealth as justified, they had worked honestly for close to a century to build their bank. The same could not be said for Russian oligarchs, including

Tarasov, who had acquired vast wealth by chance, in the opportunistic chaos that reigned in post-Soviet Russia and the collapse of its financial institutions. Once a semblance of order had returned, under the leadership of Boris Yeltsin and Vladimir Putin, the fortunes of the nascent oligarchs exploded, thanks to a system of cronyism and corruption - to the detriment of the Russian people.

What of the Kennedys and Bartons? There was no denying they had worked and diligently pursued gain, but were the rewards disproportionate to the effort expended? They had both benefited from a winner-take-all system; where inside information and huge bonuses permitted a privileged few to rise far above the crowd - to giddy heights.

A manager might earn a comfortable salary, perhaps a very comfortable salary, profit from the doubling or tripling of the value of his family home and retire comfortably, but men of the likes of Kennedy and Barton were in a class apart; they, for no other reason than chance, had increased their personal wealth by the hundred fold in the space of a few short years.

There was no denying that fortune had always played a role in the destiny of those who had risen to wealth, but in the twenty-first century inequality had become flagrant. The rich were disproportionately rich and the poor incommensurately poorer. The invention of a smart phone app could propel a young man to fortune overnight, or banker like Kennedy with a leveraged loan could acquire a prime property like his home in Cheney Walk, then watch while its value doubled or tripled in just two or three years.

Kennedy had seen the value of his shares and stock options in the bank quadruple in the euphoria that had overtaken the banking sector once the worse of the economic crisis had passed, enabling him to diversify his investments, one of which was the land and property he bought at knockdown prices in Ireland, transforming him into one of the biggest landowners in and around Limerick City.

The difference between salaried workers and top executives or directors was that the latter, to a large degree, fixed their own remuneration and bonuses. Cast iron contracts guaranteed lavish pension pots and, in the case of premature termination, extravagant severance compensation. One such top executive even received a reward for quitting Burberry's, the luxury brand firm, to join Apple, a staggering diamond studded hello of sixty eight million dollars.

What more could she do for Apple given its already phenomenal planetary success? She had neither created Apple nor Burberry's, she was nothing

more than a super executive. It was a stunning example of how the reward system for top executives had become disconnected from reality.

In the case of INI Holding, its directors, under the influence of the extravagant life style of its new oligarch shareholder, had taken full advantage of the trend. Fitzwilliams had become complaisant, lowered his guard, as growth and profits rose in leaps and bounds. It was as if the rich rewards, approved by the board, for the bank's key directors were a justification for his own extravagant compensation package. The same went for loans and other advantages, and besides, it was in keeping with current practices in a great number of the City's banks and businesses.

New and old wealth enjoyed a period of rich pickings as was witnessed by the growth in the number of billionaires across the planet, their number had reached two thousand. The US and China counted four or five hundred each. Russia, with an economy the size of Spain's, nearly one hundred, compared to the Iberian Peninsula's nineteen. As for India, its one hundred billionaires would have certainly astonished Mahatma Gandhi; would he have felt his struggle for justice and equality had been for nothing in a land of such flagrant inequality?

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As the days passed, Fitzwilliams' anger rose with the conviction he had been bamboozled into relinquishing his position by scheming politicians out for their own profit. Inversely, his feeling of betrayal vis-à-vis Pat Kennedy subsided.

He was forced to admit he shared part of the blame for the situation in which he found himself. Too busy playing the CEO, not forging the strong personal links needed to safeguard his own interests. His role as CEO had in effect become almost symbolic and at the first sign of trouble, the rats had deserted ship. Even his so called London business friends had disappeared from view, not one had called him since the grab.

Looking at the wreck from his County Wicklow home, Fitzwilliams finally pulled himself together. He had enough of his self imposed exile. Looking in the mirror for the first time in days he was shocked by his gaunt unshaven Robinson like appearance.

Enough was enough. Pulling himself together he shaved, then headed for his study where he purposely retrieved his phones and set about making a plan. The moment to rebuild bridges and make plans had come.

Once informed of the Kennedys visit to London, he proposed a meeting to examine their respective positions. Kennedy held some strong cards



through to his links with the Wu family and his friendship with Tarasov, a situation Fitzwilliams regretted, due in part to the aloofness he himself had adopted as symbolic head of the group.

It was time to fight back, all was not lost, on the contrary he held more than one ace. For one his family was the largest single shareholder in INB, and in more than one of the different companies in which it held shares, starting with the INB Ireland Ltd. He decided return to Dublin at once, where from his Georgian home on Fitzwilliam Square, named after an ancestor of his, and where skirmishes took during the Irish War of Independence, he could direct the battle ahead.

Tarasov was another question, he had disappeared from view, probably holed up in Kerry, which Fitzwilliams reasoned was understandable given the dangers that stalked those who crossed Putin. He knew the Kremlin resorted to the torture and murder of its perceived enemies. The list of its victims was long. But what he feared more was City & Colonial and their reaction if they discovered the highly questionable arrangements made on behalf of Tarasov's dubious friends by INI in London.

Funds from Sochi contractors had been channelled through London, then via Dublin and Amsterdam, to Caribbean shell companies, set up by INI Private Bank, from where they disappeared into an opaque maze of accounts and holdings in Bermuda or the Caymans. Not that City & Colonial was all white in such dealings; in fact they were experts in the matter, and had already settled heavy fines imposed by US courts related to the laundering of billions for drug cartels, wire transfers and recycling funds from Colombia and Mexico. Its directors got off with a mere ticking off, the risk seeing of them in an orange jumpsuit had been near to zero. As for Tarasov's friends, or ex-friends, they would certainly not be so generous if their crooked dealings were exposed for the world to see.

City & Colonial could blackmail him, force his cooperation with the threat of ousting him once and for all from the banking profession if he was prosecuted for aiding and abetting money laundering in an English court of justice.

## THE ADRIATICO

Dusk was falling as the taxi dropped Liam Clancy at the Ferry Xpress terminal in Colon where he was pointed to the departures hall. There he joined a bustling crowd of Central and South Americans at a bank of

check-in counters for Bocas del Toro, an archipelago on the Caribbean coast of Panama near the border with Costa Rica.

Once the formalities were completed he made his way outside to the embarkation point. He was surprised by the size of the *Adriatico*, it towered above him like a cruise ship, though it was in fact a recommissioned Mediterranean ferryboat, operated by an Italian line.

The passengers were mostly younger people, Central Americans, for what was described as a weekend cruise to the islands. Once on board Liam was pleased to discover the *Adriatico* was completely refitted with the kind of stylish facilities expected on a modern ferryboat: brightly light shops, restaurants, bars and a stage set for onboard entertainment.

He was directed to an upper deck and his cabin: described by the ticketing agent as an outside suite. It was cramped, not exactly a suite at the Hilton, but he was not complaining, he would be spending just one night onboard the ferry, which was scheduled to arrive in Bocas del Toro mid-morning the next day.

According to Kennedy, Liam Clancy's visit to Panama was part of his banking education. Offshore banking services formed a profitable part of INI Hong Kong's private banking services, and as a protégé of Pat Kennedy his understanding of the role of Panamanian and Caribbean banks in their business was important.

But behind that Kennedy had other plans. Clancy spoke good Spanish and his presence would help discovered Barton's plans and possible ulterior motives for his sudden departure. Not that he distrusted Tom Barton, it was simply to cover all possible eventualities in a complex situation, where the stakes were enormous, after all Barton had close contacts with Tarasov who had for the moment disappeared.

Kennedy's project to introduce him Panama and its banking culture neatly fitted in with Liam's own vacation plans, which had been in suspense following the dramatic events in London. What could be better than a couple of weeks in Central America, first exploring the Pacific and Caribbean coasts, a region he knew little of, but had heard much of in Spain, then time with the bank's representative in Panama City.

He would be in his element with his Spanish, and the idea of discovering Latino culture was enticing, an excellent opportunity to discover Central America, where apart from banking, he had heard the surfing was good and the girls hot.

However, all that changed, when he was contacted by Tom Barton, who

had seen his posts on Facebook and suggest they get together either in Cartagena or Panama. Naturally Clancy informed his boss, who was delighted with the news and announced he would join him in Panama City for his introduction to Jose Laborda and his law firm.

Liams first disappointment was with the girls, friendly enough, and certainly exotic, but they were not the Shakiras of his imagination. Their curves were much rounder; perhaps he had gotten used to the Chinese girls he had met in Shanghai and Hong Kong. The food he had eaten so far in Panama had been highly calorific, which went a long way to explaining their derrières.

He was up early to see the coastline, but was disappointed, the coast was distant and all he could see were the mist covered mountains. Breakfast was the next option where he found the explanation for the girls over generous forms: the vast quantities of the rich food they ingurgitated.

It was nearly eleven when the ferry dropped anchor a kilometre offshore from the Bocas pier. Disembarkation was by lighters shuttling the passengers to the pier in groups of fifteen or twenty persons. The chaos that ensued was in part due to the Italian-Panamanian crew and the disorganisation onshore. Liam conjured up images of the scenes of the panic on the Costa Concordia, but few passengers complained, at first their stoicism seemed to contradict Latin American's reputation of fiery temperament.

Then, just as he swallowed his impatience, relaxing and waiting for the situation to unravel itself, the public address system announced disembarkation had commenced. In a flash the stoicism was gone, in a flurry of cries and jostling of elbows the passengers pressed forward.

Once onshore Liam was disappointed by his first impressions of Bocas del Toro. It appeared, to his non-ecologist mind, a ramshackle collection of wood built houses and small hotels with tin roofs, interspersed between bars and trip organisers.

He had no difficulty in finding a hotel in the town centre and a room with a view. From his balcony he could see the outlying islands and the Adriatico, incongruous compared the low lying buildings on shore, making the small boats that criss-crossed the waters around it look like insects.

He spent the afternoon exploring Bocas, a world away from what he had imagined; totally unlike Spain, perhaps a little like certain isolated and underdeveloped beach spots and islands found in South East Asia, without modern hotels or tourist infrastructure. Perhaps the diving would be better,

but that was not his thing, on top of that the surfing looked tame compared to that he had experienced on the Basque coast.

The next morning when he awoke the sky was grey heavy with clouds. A strong wind whipped squalls of rain against the window panes of his room, sending him even deeper into the dumps. Once the rain cleared the desk informed he could take a bus from a nearby square to the beaches.

After breakfast the weather cleared and he made his way to the bus stop a couple of blocks away. There he latched onto a small bunch of guys and girls heading for Boca Dragon, a small beach a few kilometres to the east he was told. The bus was small and already more than half filled with local day-trippers. They piled in and it set off along a bumpy winding road past a landscape filled with lush and unruly tropical vegetation, interrupted here and there by a clearings surrounding timber framed houses on stilts.

Half an hour later they arrived at a beach dotted with a few rather small ramshackle bars and restaurants. Several of the local passengers boarded waiting motor launches, apparently to the islands that lay opposite.

The rest set off on foot in the direction of the beach, and Liam followed, past the bars, then along a path they told him led to another beach. The surroundings were dispiriting, a tropical slum: run-down homes, sullen dogs and forsaken palm trees. It was about twenty minutes before reached a long board-walk crossing a water filled bog, surrounded by what seemed to Liam primeval jungle. Unexpectedly it debouched onto a white sandy beach bordered by tall shady palms: a postcard image that ended about a quarter of a mile further in an impenetrable mangrove.

Floating on the translucent sea were the launches he had seen leaving the bus stop twenty minutes earlier, their passengers already installing their parasols, setting out their picnics or wading in the shallow sea.

Music echoed from two or three small bars that plied drinks and food for the day-trippers. The paradisaical beach was bordered by prolific nature. Scattered in twos and threes along the white sand were not more than a couple of dozen or so people, mostly locals and other Latinos sunning themselves or cooling off with Bilbaos and piña coladas as they listened to the sounds of salsa drifting through the air.

It was perfect, he regretted his hasty judgement. As he was to discover Bocas was a place to sleep, eat, drink and have fun once darkness fell, during the day vacationers headed to one of the island's many small beaches, or snorkelling off the countless uninhabited islands that made up the archipelago.

They chose a spot and soon the others disappeared, snorkelling in the clear turquoise waters leaving him alone with Gisela, a German girl, who had decided to keep him company as he was without mask or snorkel.

Pulling off her baggy tee-shirt and slipping out of her jeans, she pointed towards the sea inviting Liam to join her. He followed her example, pleased he had managed to get the beginnings of a tan in Sanya over the New Year holiday. Then turning his attention to his companion he was startled to discover that under those not very attractive clothes, she had a stunning figure and a golden tan.

After a refreshing swim he invited her to eat in one of the small bars. The menu proposed fresh langouste and when Liam asked if he could see them, the waiter pointed to the sea and beckoned them to follow him. The langoustes were kept in a wire cage under the clear water, alive and fresh, ready for the next client.

Liam pointed to a three or four pound specimen and the waiter pulled it out for inspection. They nodded in approval and the waiter headed for the grille.

Gisela told him she was touring the Caribbean, stopping here and there to explore the sights and relax on the beaches. Her golden tan, which contrasted her clear blond hair, confirmed she had been absent from Germany some weeks. She was travelling on a low budget and was just as delighted with the fresh langouste as Liam was inviting this attractive girl to lunch on a secluded tropical beach far from the usual tourist haunts.

Her English was near perfect, her Spanish nothing to be ashamed of. She recounted to Liam how she had finished studying medicine and was taking a sabbatical before deciding what to do next. She had been travelling mostly alone, or meeting up with friends like those she had met in one of the town's many scuba bars.

Gisela spoke enthusiastically of her twin passions, scuba diving and undersea hunting, the first with breathing equipment the second without. Liam knew next to nothing about diving; the coastal waters of Ireland were too cold for the sport to appeal to him as a good way of spending weekends.

Her next stop was Santa Marta in Colombia. The oldest city in Colombia, she told him, surrounded by beaches and the mountains of the Sierra Nevada de Santa Marta, its coast bordered by coral reefs, a fabulous spot for diving enthusiasts.

By the end of the afternoon Liam was captivated by his new friend and excited to discover their routes crossed in Cartagena. They had no difficulty in deciding to make the next leg of their journey together. In the meantime

Gisela told Liam she would teach him something about diving.

Gisela was not the hot Latino he had imagined finding, but she was a great alternative, she had a stunning figure and together they could speak English and Spanish, though Liam's German was limited to the point he preferred not to voice his Dad's Army imitation for fear of being ditched out of hand.

He was completely absorbed by his breathtaking, adventurous, new friend. She exuded health: as a diver she did not smoke and unlike a certain number of the girls they met in Bocas, she was neither tattooed nor decorated with body piercing. He later discovered all that was frowned upon at medical school, not only was it unhealthy, but the risk of infection for her and her patients made the fashion strictly off limits.

## BOCAS DEL TORO – PANAMA

The following morning Liam newly equipped with a mask, snorkel and flippers, they set off for the jetty. There they boarded one of the waiting motor launches, joining half a dozen other snorkellers for a day's diving off one of the many small islands that lay to the west of Bocas. The archipelago formed part of the Isla Bastimentos National Marine Park, which covered more than thirteen thousand hectares.

After half an hour's ride with the sound of the motor ringing in their ears, their tee-shirts wet from the waves that slapped the hull and the spume that flew through the air as they sped over the water, the launch slowed. Before them was a low lying island, the boat turned towards an opening in the reef that surrounded and headed towards a shallow landing point. Beyond the white sandy beach that lay before them was a wall of dense vegetation, mangroves, tropical hardwoods and tall palms that leant out over the sea.

A few metres offshore the boatman dropped anchor and pointed to the beach. Gathering their lunch boxes and diving material they slipped into the shallow waters and waded to the shore, there they turned and waved to signal all was well. The boatman made a sign of goodbye, then pointing the launch towards the reef he gunned the motor and sped off with a roar in the direction of one of the nearby island where he would drop the other divers.

A couple of minutes later the only sound that could be heard was that of the waves and the cries of the birds. Strangely enough there were no insects, it was probably not the season.

"We'll stay here, there's plenty to see in the lagoon," Gisela said looking

left and right along the blinding white sandy beach.

“What’s in there,” asked Liam pointed towards the dense vegetation.

“Nothing I suppose, I mean there’s mangrove and forest, mostly swamp forest.”

“Swamp?”

“You know, the ground is covered with water and natural debris, palm fronds, coconuts, tree trunks and all that.”

“What happens if the boat doesn’t come back.”

“Don’t worry, we’ll live on langouste and coconuts.”

“And water?”

“We can collect that, it rains most nights.”

“There was a silence as Liam contemplated being stranded on a tropical island alone with Gisela. After a moment he smiled.

“What’s up?”

“I just thought it would be nice.”

“For a time.”

Gisela was a realist.

“We’ll start by exploring the lagoon.”

She pointed to the mask and snorkel, then the flippers.

“You know how to use them Liam?”

“More or less.”

They waded into the sea as Liam experimented different positions for his snorkel. The water was as clear as crystal. Small fish fish darted off as they moved out into deeper water. Liam shouted and pointed to a starfish about a foot in diameter.

“There’s lots of them, just be on the lookout for caymans.”

“Caymans!” exclaimed Liam wondering what offshore banking had to do with their swim.

“Yes, crocodiles.”

“What!”

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A couple of days later the Adriatico sail out of Bocas. It was early evening as the sun set over the hills that formed the frontier with Costa Rica when the huge ferry turned east. Three blasts on the horn and it left the magic of unspoilt beaches and the small charmingly ramshackle Caribbean town behind. Soon latter day hippies, rastas and backpackers would be replaced

by package tourists as developers set to work building hotels and all inclusive resorts. Given another ten or fifteen years it would probably be ready to compete with Phuket, Punta Cana or Varadero.

But that was the least of Liam's worries as he was not on the ferry. He was wondering whether he had made a mistake in not taking it to Colon and from there to Panama City by train. The trouble was he had reached the point where he accepted almost anything Gisela suggested. Not only would the bus be slower, but he was certain it would be more uncomfortable.

The next morning they were up at dawn for the launch that left Bocas for Almirante on the mainland at six. The trip took thirty minutes speeding across the sea in semi-darkness, past the shadows of mysterious forest covered islands.

The bus station was exactly as he imagined a small Central American bus station would be like. Travellers with their oversize piles of baggage waiting for their buses to Panama City or other towns along the route to the east. The drivers left their motors running for the aircon ejecting poisonous diesel fumes into the air around them. It was a stark contrast with the lush green forest covered islands that lay just a short boat ride behind them.

## COLOMBIA

In the tumult of City & Colonial grab, Barton, to the dismay of Pat Kennedy, after abruptly liquidated his holdings and vanished, however, it did not take to much effort to discover he had taken a flight to Bogota in Colombia of all strange places.

The question was why Colombia?

Kennedy knowing Liam Clancy enjoyed friendly relations with Barton decided to transform the young banker into his unsuspecting pawn. Barton's disappearance raised a number of questions and whilst Kennedy had an implicit trust in his friend it was of importance to remove any lingering suspicions as to the motives for his disappearance if only to protect the bank from unwarranted charges.

As to his own presence that would be justified by the bank's interests in Panama and his interest in the canal project in neighbouring Nicaragua.

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The idea of Central America excited Kennedy's imagination. He remembered his discovery of the Caribbean more than fifteen years earlier



and despite its disastrous end the experience had been filled with adventure.

In 2000 Kennedy had left Barranquilla on the Caribbean coast of Colombia on a journey to the south, deep into the country's isolated jungle regions bordering Ecuador. He remembered the Lear Jet as it climbed over the Andean cordilleras stretching out before him, then the vast jungle regions that covered the major part of the country, the home of the Farc guerillas and Pablo Escobar's successors.

Kennedy recalled the intense feeling of isolation and distance from the rest of the world on his arrival at what he had been led to believe was a coffee plantation: which it was, but not only. The people he met were different, rugged and hard, wild looking Indians, and Europeans, most of whom bore no much more than the thinnest veneer of civilisation.

The hacienda was magnificent, as in a Western he remembered, though more exotic, green and without the dust. There were horses and what looked like cowboys, though he saw few cattle. To his consternation many of the men carried arms.

That first evening they ate a parilla of beef chuletas to the buzz of insects flittering in the lighting over the tables set out before the grand house. He remembered Delrios, Dan Oberman and their pilot Peter Davy, as well as the omnipresent army officers in battledress. Delrios had informed Kennedy that an early visit to the coffee plantations had been organised for the next day where an army operation had been planned in the nearby jungle to close down an illegal coca paste factory. He had reassured Kennedy there was not the slightest danger.

Kennedy wondered why the army should be employed to close down a factory, confused by the meaning of coca: was it another version of cocoa, a chocolate drink, or coke as in Coke Cola? In any case why should it be illegal. Not wanting to appear stupid he kept his questions to himself and nodded his agreement to Delrios, who snapped out orders in Spanish to one of his subalterns for the next day's operation.

They set out for the coffee plantations, at six thirty in morning, which lay on the surrounding hills. These turned out to be disappointing and of only mild interest to Kennedy once he had seen the plantations were nothing more than endless rows of uninteresting green bushes, with the berries ripening on their small branches. It was too early to be up for the likes of inspecting berries on coffee bushes. The essential was that he had seen them and could be considered an expert back in Ireland.

In the not too far distance he saw the mist clinging to the mountains and

the canopy of the dense jungle that stretched out like a green carpet before his eyes. The view looked menacing as he imagined his helicopter crashing down into the endless jungle. He was no longer sure that his presence was all that important for the army operation. He had no choice as he was quickly driven to the airstrip and put aboard an army helicopter. They flew low over the jungle and thirty minutes later they circled and landed in a clearing, where they joined a small army unit ready to leave for the jungle factory.

From there they set out in Jeeps over a muddy laterite trail to a meeting point about an hour's drive away in the jungle covered hills where they met up with a larger group. There he was introduced to an officer who explained in rapid Spanish to his guide the outline of the operation.

Kennedy was uneasy when he saw how heavily armed the men were, and could not help noting their tightly clenched jaws, it was clearly not going to be the kind of rabbit shoot he was used to.

Dimly he began to understand that he was about to witness a military operation against an illegal drug factory, but was confused by the roles of Delrios and Ortega, which seemed vaguely ambiguous. The army was in effect protecting their interests against encroachment by right wing independent paramilitary groups that fought both the Farc and sometimes the government.

It was a complex arrangement with the territory divided into a mosaic of rival interests, where the army, whilst looking after its own business activities, tried to maintain a certain status quo between the warring factions.

The English spoken by the officer in charge and the guide was difficult to follow. Kennedy wished that that Oberman or Davy had remained with him. What at first glance had seemed to be an interesting outing was beginning to take on an alarming air. The other two men had left that morning on a trip up to Barranquilla and back, to deliver some important packages for Delrios and pick up communications equipment that had just arrived from Panama.

They continued a short distance by jeep over the slippery trail to a clearing where they proceeded on foot. They followed heavily armed soldiers who advanced cautiously towards the site of the suspected narcotics factory.

Kennedy remembered the sudden stutter of automatic rifle fire. The soldiers ducked and Kennedy dived into the rain sodden undergrowth and mud. Then the silence, the acrid blue smoke from the gunfire rising in the

damp air. The soldiers cautiously continued their advance towards the jungle factory. Kennedy picked himself up brushing the mud and damp leaves from his clothes, his heart beating at a speed he had never before experienced.

The makeshift camp was abandoned, as such camps usually were, a couple of hours or even less before the arrival of the military. Cooking fires were still smoking. The rifle fire had been simply a tactic to frighten those who may have remained in the camp.

He discovered a motley collection of makeshift huts constructed from branches and rough planks, covered with corrugated iron roofs and palm fronds. In a sump dug into the earth coca paste was in preparation and the crude tools necessary lay where they had been precipitously abandoned.

Coca was cultivated by poor farmers and the leaves were harvested by Indians, transported by foot in plastic sacks to the factories where it was transformed into a crude paste. The process was simple; the coca leaves were dried and immersed in a mixture of sulphuric acid and kerosene. The mixture was left to macerate for some hours and then filtered and dried into a paste which could then be transported to laboratories in the north of the country.

The army officer explained through a translator for the benefit of Kennedy that the jungle factory would be burnt and all the material destroyed. Kennedy nodded seriously wondering whether the whole operation had not been set up for his sole benefit.

Another factory would appear in a day or two and business would continue as usual once the military returned to their base.

Informants were everywhere, brothers, sisters, cousins, and friends, both sides exchanging information on operations planned by the authorities. It was a game of hide and seek, where the parties pretended not to know where the other was.

The Colombian armed forces were too small and lacked mobility as well as the means to carry out an effective combat against the narco-industry mercenaries.

The hacienda was situated amongst the vast coffee plantations that covered the nearby hills and plantations surrounded by dense jungle and mountains, in a region only accessible by air, or a long and difficult journey overland. The plantation and its airstrip were also collection points for unrefined cocaine from the surrounding region, where coca growers cultivated and harvested their crop of coca leaves and transformed it into paste before

transporting it north.

Police and officials were willing accomplices to the drug traffickers and the drug barons, who continued to operate with impunity throughout Central America and Mexico up to the US border region. Corruption was rampant at all levels in Latin American countries where the traffic of narcotics was aided and abetted at all levels of society.

The coffee plantations were controlled by the Farc and coffee used as a cover for the much more profitable cultivation of coca, the profits of which were used for the purchase of arms and other materials in the futile struggle against the central government in Bogota.

In 2000, the plantations Ortega controlled were an important exporter of Colombian coffee to international markets. They were just one of the many covers for his multiple illegal business activities, which included money laundering on behalf of the Farc.

The production of coca paste in the mountains of southern Colombia by the Farc and their supporters was worth many hundreds of millions of dollars and Ortega's role was to legitimise the enormous wealth for the guerrillas.

Police, army, political parties and drug cartels were intertwined in a complex tangle of conflicting relationships. The civil authorities needed the money to fight drugs, but also accepted money from the drug cartels to fund election campaigns and buy arms to fight the guerrillas.

The Colombian authorities accepted the billions of dollars in aid from the US government, in their fight against narcotics and their never ending struggle against the Farc and other opposition movements.

Cocaine commenced its long journey from the mountains in the extreme south of the country to the Caribbean coast in the north. The paste was refined into the finished product in laboratories in Barranquilla and other coastal cities ready for export. From the cities of Barranquilla on the coast, or Santa Marta at the foot of Pico Cristobal Colon overlooking the southern flank of the Caribbean, the cocaine was shipped by sea to North America via the Caribbean islands or by land across Central America and Mexico.

## CARTAGENA – COLOMBIA

Barton was enchanted by Cartagena, the city was everything and more than he had expected. He had seen no signs of a war torn country terrorized by

the Farc and racked by narco trafficking gangsters, whose combined deeds had so recently supplied the international media with many blood curdling headlines. At least he had not seen anything ... yet.

After three months in Colombia he had started to feel at home and his Spanish was improving by the day. Lola had change his life and her country was a land of immense opportunities. To start with he would buy a piece of land near Barichara and build a home with the help of Alfonso, his new architect friend.

London seemed far away and the UK, seen from Colombia, conjured up a strange image in his mind: one that he remembered from a television series he had watched as a child, that of Patrick McGoohan as 'The Prisoner' set on an imaginary twee English island, where the underclass was unseeable, which was certainly not the case in today's Britain, at least beyond Knightsbridge and Chelsea, where the poor thronged.

The politically correct establishment had allowed the millions of additional poor from the third world, to pile into an already overcrowded island. BBC India pontificated, preached the good word, and as a reward splashed out extravagant salaries to news readers and weather forecasters, cramming the upper echelons with political appointees, offering the grassroot masses footy and Topgear.

Nothing had changed since 2007, as for France, a country he had got to know and in spite of its faults appreciate; it was ruled by gauchist 'bobos' equally as obsessed by the politically correct and governed by Hollande, a lame duck scribbler.

Democracy in Great Britain and France had in the relatively recent history been paper thin. Two World Wars and the dismantlement of their respective colonial empires had brought a greater distribution of political power. Equality was however an illusion. For those who liked to pretended otherwise, a trip to the poorer immigrant districts of London, or Paris, should have been, if visitors cared to open their eyes and minds, an enlightening experience.

Colombia could, to a certain degree be excused for its inequalities, which were everywhere, even after five centuries of metissage the country was still dominated by its hidalgos and their kind. The same went for numerous other countries in the New World, including the US. In South Africa, the abolition of apartheid had changed little in the distribution of land and wealth, whilst the Indian Subcontinent was a world of poverty, caste and division. Equality could not be decreed. Hadn't Tocqueville written the

Revolution was a thing of the bourgeoisie?

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“It’s better to avoid the days when the cruise ships come,” Alfonso remarked as they manoeuvred their way around a straggling group of silver haired tourists.

“They provide our daily bread,” he told Barton with wry smile, “the more the better.”

They arrived at Calle de la Factoría, close to Plaza Santo Domingo, lined with colourful two and three level houses.

“These are very interesting because of their spacious courtyards,” Alfonso explained.

They stopped before a ruined façade, its stucco cracked and falling, the wooden framework of once colourful doors and balconies bleached almost white by the sun.

“This is the place, the owner should be here,” the Colombian said peering through the shutters.

Some minutes later a powerfully built man wearing blue jeans and a white guayabara arrived.

“Señors, disculpeme, I am late.” Then looking at Barton he added with an apologetic smile, “This is Colombia.”

“No problem.”

“So Alfonso, this is Señor Barton, Inglés I believe?”

“Si,” Barton replied.

“This property belonged to an old cartagenera family, they now live in Barranquilla,” he explained wrestling with a padlock and chain on the double entrance doors. “It would nice for a boutique hotel, un calle muy tranquilo.”

It was a ruin inside, nothing much was left except for the walls and timber beams.

“Cuidado, lo siento,” he said shrugging and pointing to the rubble strewn floor. “It needs work.”

It was an understatement, but Barton, who was hoping to make a better deal, was not deterred.

“What’s the asking price?”

“This colonial house is very beautiful with large spaces, arcades and inner patios perfect for a boutique hotel.”

He paused weighing up the two visitors.

“The total area is nine hundred square metres.”

They waited.

“The owner is asking three and a half million dollars.”

Barton not able to hide his surprise gasped, remembering the price he had paid for the luxurious Emerald Pool villa on the Island of Dominica. That was in 2008, when the crisis hit. Seven years on, the Americas were booming, the gringos were back, the embers of the war with the Farc were all that remained and Cartagena was a new tourist Eldorado.

## DUBLIN

It was a wet and windy Sunday morning when Francis drove down from Dublin to meet Fitzwilliams at the banker’s aristocratic home.

The previous day the news that Russia’s vociferous opposition leader had been shot dead in a Moscow street had come as a shock, sending Fitzwilliams, who feared for his own safety, into a spin.

As to Francis, his worst fears were realized when Sir John Sawers, former head of MI6, commenting on BBC television, warned that Russia had become a danger to Britain and the country should be prepared to take steps to defend itself and its allies.

“I don’t think you’re in any physical danger Michael, if that’s what you’re worried about, this has nothing to do with the bank’s problems.”

“That’s nice to know,” Fitzwilliams retorted sarcastically. “What I’m worried about is how they settle their problems!”

“Seriously. Look at it this way Michael, I know it may seem strange to you, but perhaps it was a good thing that City & Colonial took the hot potato. After all it leaves you holding the most valuable assets and Hainsworth holding the problems.”

Fitzwilliams nodded slowly.

“Why not get the team together to talk about it?”

There was a moment of silence as the banker reflected.

“You know, Pat, Tom Barton ...”

“A council of war ...” Fitzwilliams said speaking to himself and slowly warming to the idea.

“Yes.”

“A good idea John - what about Sergei?”

“Better wait.”

“Let’s do it.”

“Good.”

“What can we do about Moscow?”

“Look, Putin’s particularly dangerous and unpredictable in the present situation, so let’s forget about what’s going on in Moscow. Putin certainly feels encircled, endangered and the Ukrainian confrontation was certainly a reaction, his way of telling the West to back-off.”

“Is it our fault, I mean the West?”

“Yes, indirectly, in a certain manner of speaking if you like, because we encourage democracy, an open society and our system of capitalism. All of which is in conflict with Russia’s history and political tradition.”

“But don’t you think the Ukraine is a symptom. I mean it’s not the real problem.”

“Precisely. The real problem is how to live with the Kremlin, which feels very vulnerable. To my mind Putin’s actions are those of a leader who believes his own situation is at stake.”

According to the man from MI6, Russia posed a state to state problem and he counselled the government to take firm action in the form of increased defence spending and dialogue. The latter seemed more like wishful thinking to Fitzwilliams who had experienced Russian intransigence, a stone wall, in his dealings with it’s financial authorities and certain of his bank’s clients.

The banker remembered the warning of Kalevi Kyyrönen, a good friend of John Francis. The Finn had told him in the bluntest of terms that the Russian leader was dangerous. Putin was an ex-KGB man and that in itself said everything.

Fitzwilliams was belatedly discovering the West, its leaders, both political and business, simply had no idea of the mindset of such men. First they were Russians, hard and uncompromising. Secondly was their training: they were selected from adolescence for the KGB school, where the words democracy and free thinking were non-existent. They entered a system that transformed them into the most insensitive of operatives, formed within the concepts of single minded totalitarianism, ready to use all conceivable means in pursuit of the objectives set out by their superiors.



## Chapter 7

### LONDON

In spite of Pat's impatience, Lili insisted on arriving late. It was Michael Fitzwilliams' invitation so there was little point in them getting to the restaurant before him.

Fitzwilliams, the now former head of the City banking group, had not only suffered the humiliation of being evinced as CEO, he had also lost his fabulous pay package of around eight million pounds, including allowances to circumvent EU caps, pension fund contributions, the use of the company jets, cars and other perks. It was more than that of Sir Alec Hainsworth, the head of City & Colonial.

The difference was that he, Michael Fitzwilliams, was not some kind of a stupendously overblown salaryman, his family had founded the bank and he was still a significant shareholder, further more, it was he who had built the bank into the international banking group it had become since he took over the reins in 2000.

Over the course of fifteen years he had changed it from a middling Irish savings bank to one respected in banking and business circles from London to Hong Kong, and it was for that reason he believed Westminster and his enemies had schemed together to swindle him out of what was rightly his.

His lawyer, James Herring, was still investigating the legality of City & Colonial's takeover. Herring challenged the right of the Bank of England's authority over an international private bank in view of the fact it was part of a Luxembourg holding. He argued the process in which INI had been declared imperilled by the change of ownership of its partner, InterBank, was spurious. InterBank's sequestration under Russian law did not affect the functioning of INI in London, since the Moscow bank continued to operate under the tutelage of the Russian Ministry of Finance, administered by the state controlled Sberbank, one of the world's largest financial institutions.

In launching his counter attack Fitzwilliams needed to rally his friends and associates, starting with Pat Kennedy, in whose interest it was to recover

control of INI Banking Corporation plc and its holdings.

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Their car pulled up in a small rather seedy, if not cut-throat, street off Tottenham Court Road. Pat looking outside, alarmed. He was about to ask his driver if he had the right address when a uniformed doorman appeared, saluted and smartly opened the passenger door. Seeing their hesitation he announced with a thin knowing smile they were at the Hakkasan, then ushered them inside.

A stairway descended into a strangely exotic setting; the subdued blue lighting more evocative of a nightclub than a restaurant. Its walls were lined with grey slate; lacquered Chinese latticework screens divided the dining room into discrete sections where the strangely hued lighting created the ambiance of a Hollywoodian science fiction movie.

Fitzwilliams' choice was out of character. He had his reasons: first he wanted to avoid the places where he was known, such as the Carlton, which was not only dull, but his presence would have immediately set tongues wagging: secondly there it was symbolic of the importance of Hong Kong and China for his guests, especially Lili, who he felt would feel more at home in a Chinese restaurant, especially one that boasted a Michelin star.

The clientele of the Hakkasan were successful and rich; at least those who picked up the tab. In any case they looked much the same, the men well coiffed, their faces glowing with moisturiser, dressed in tight black jackets, de rigueur white shirts - definitely sans cravate, costly black designer jeans and well buffed Garavani shoes. The women in black - Victoria Beckham lookalikes. Everybody was was somebody: a showbiz star, a media personality, a fashionable lawyer, something in the City, or a successful entrepreneur, in brief, well-oiled cogs in the rich-take-all gated community.

The maître d', a beautiful young woman of undetermined Asian origin wearing a silk-chiffon gown, showed the couple to a private alcove where Michael Fitzwilliams was waiting. He rose to greet the glamorously attired couple offering a graceful baisemain for Lili and a friendly manhug for Pat, dispelling his fears of lingering bitterness.

"I hope you like this Lili, it's said to be authentic Chinese haute cuisine, Cantonese I believe."

Lili smiled approvingly, not mentioning she had already eaten at Hakkasan on the Bund in Shanghai, but she thought his consideration sweet, though authentic Chinese it was not.

"It's also liked by the stars," he said with a deprecatory smiling. "They

don't have many bankers, except from the trading rooms."

Pat laughed. "It's good to see you Fitz."

That sat down and Fitzwilliams proposed Champagne. They nodded in agreement and were presented with the menus.

"So how is Lily Rose?"

"Very well, her ayi is looking after her."

"She's here in London?"

"Yes, we didn't want to leave her behind."

"And your parents?"

"They're very well."

"Excellent, I'm pleased to hear that. Give them my regards."

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The Champagne, a Krug Grande Cuvée was served, then with the help of Lili and the recommendations of the charming maître d' they ordered their diner and settled down exchanging small talk, leaving the more thorny subjects to later.

The food was excellent: a dim sum platter, crispy duck with caviare, scallop sautéed in XO, black pepper Angus striploin, steamed Jasmin rice, accompanied by an excellent Chablis Vaudesir, and followed by a lemon pot desert.

Feeling mellow after the excellent meal they drifted into the subject of INI, in general terms to commence, feeling out each others feelings and their respective plans for the future.

They were on the same wave length concerning City & Colonial. Regarding Fitzwilliams' situation, Pat was one hundred percent behind his mentor. He was where he was thanks to Michael Fitzwilliams and his loyalty had never wavered.

As to Fitzwilliams he was touched by Kennedy's candour and regretted he had misjudged him. The very different backgrounds of the two men had determined their respective relationships, Fitzwilliams an aristocratic banker who had inherited his wealth and position; Kennedy a lad who had made his way up from a working class family in Limerick City.

Kennedy had come a very long way, over the years he had been transformed into a sleek banker, now married into a powerful Chinese family, rich in his own right, thanks largely to his friendship with the patrician banker, who had now experienced a hard and bitter fall from power, whose pride had been hurt, though his wealth was still intact.

They were complimentary and together they would be stronger and better able to fight City & Colonial.

As the evening mellowed Fitzwilliams informed them that Sergei Tarasov was last seen at his property in Ireland, where he was said be safe, discretely watched over by George Pyke's men, at least temporarily. However, on the advice of his lawyers, Fitzwilliams had not been in contact with his Russian partner, given their respective situations, which to say the least were delicate pending complex legal decisions. It was now evident the oligarch had fallen victim to Russian politics, who had in turn had dragged Fitzwilliams into the torment.

Kennedy agreed to try contact Tarasov discretely. It was time they set out their plans so to protect their respective interests and prepare for the battle that lay ahead.

"What's the news from Tom Barton?" asked Fitzwilliams frowning quizzically.

"I'm hoping to catch up with him shortly in Panama."

"Panama?" said Fitzwilliams looking to Lili.

She lifted her eyes in amused despair at the thought.

## AN OLD ETONIAN

Overnight Michael Fitzwilliams was shut out from the gilded Chipping Norton circle, snubbed, dumped, a none person, not that he had ever ingratiated himself to any of Cameron's clique; he had his own.

The affluent West Oxfordshire gentry and their style had always been nearer Alice's thing: his wife had grown up in a world of horses, fox hunting, landed gentry, weekend with her likes, not forgetting country clubs, golf and Range Rovers. With her title and estates, she was however closer in style to the generation of Cameron's late father and the world of thoroughbreds and horse racing, far removed from the home counties nouveaux-riches back scratching rockstars and TV personalities.

David Cameron was born into the world of privilege, his great-great-grandfather, Alexander Geddes made his fortune in the grain trade in Chicago in the 1880s. David was the younger son of Ian Donald Cameron, a City stockbroker and later chairman of Close International Asset management, an investment fund based in Jersey that managed funds valued at around ten million pounds. Ian Donald Cameron was also director

of Blairmore Holdings Inc, registered in Panama City and a shareholder in Blairmore Asset Management, based in Geneva. Blairmore Holdings, set up to 'optimise' taxation and named after the Cameron's family property, Blairmore, was built by Cameron's great-great-grandfather.

In 1979, Margaret Thatcher after her first month in power, put an end to capital controls, which effectively made it legal to take money out of the country without it being taxed or controlled by the government. David Cameron's father, Ian Cameron, who died in 2010, was reported to have taken advantage of the changes by using a network of offshore investment funds to avoid taxation, and although there was nothing illegal in doing so, it was an embarrassment for the Tory leader who had loudly proclaimed his desire to clamp down on such methods.

Having a racehorse owning Old Etonian toff, the embodiment of wealth and privilege, as a father was not a good thing for 'call me Dave's' image. A detail his spin doctors had taken great pains to keep his wealthy family background out of the news.

It was surprising that birth, privilege, prep schools, Eton and Oxford continued to play an important political role in the United Kingdom at the start of the third millennium, when its prime minister moved in a rarefied milieu of almost exceptional privilege, surrounded by a coterie of old school pals in a society where wealth with class counted more than ever, separated from the masses by deep social divide and economic inequalities.

Its patrician prime minister had little in common with Barack Obama, George Bush or Bill Clinton and even less with Donald Trump.

According to Lord Ashcroft's biography 'Call me Dave', the parents of Cameron's classmates included eight Honourables, four Sirs, two Majors, two Princesses, two Marchionesses, one Viscount, one Brigadier, one Commodore, one Earl, one Lord, and even the Queen.

It was a far cry from the newly chosen and much derided Labour Party leader, Jeremy Corbyn, a man of the people, a modern Bolshevik, who abandoned his studies for a degree in Trade Union Studies at North London Polytechnic, and who evidently resented his country being led by a man who went to boarding school at the age of seven, Eton and Oxford where he had been a member of the Bullingdon Club.

Fitzwilliams, whatever his state of mind, was, whether he liked it or not, one of them. He had not gone to Eton, he was a Harrovian, like seven British prime ministers. Cameron's school formed nineteen prime ministers: Old Etonians, who formed a class destined to rule, once described as a

magic circle. Just eight PMs had attended state schools amongst them John Major and Gordon Brown, not forgetting Margaret Thatcher, who had grown up in a flat above her father's grocer's shop on North Parade, near the railway line in Grantham, Lincolnshire. The Iron Lady attended grammar school and a not particularly distinguished Oxford college, a university that was later to snub her by refusing an honorary degree.

It was as if British society had returned to the early twentieth century, when toffs ruled a deferential society and latter day labourite trade unionists formed an opposition that had scant hope of winning power. Gone was the brave new world of Tony Blair, who it now seemed had joined the toffs.

The upwardly mobile society had stalled as industry shrank, as new populations were prepared to work for less, dragging down wages and aspirations. Working people were entertained by footy and TV shows like Top Gear and Strictly Come Dancing, whilst the wealthy privileged classes ruled, and their marionettes: rich well-meaning superannuated rock stars, sports and television personalities, paid lip service to humanitarian services, offering temporary lodging in their extravagant, but empty, second and third homes to refugees after ignoring the plight of those already living in the UK and their own distressed compatriots.

The establishment members were unaffected by the effects of immigration, unemployment, failing health services and poor schooling. Their wealth isolated them from events and changes that impacted the average man. From their comfortable nexus they were incapable of making the decisions necessary to protect their voters, advance the interests of their nation and its future.

The Cameron family had a long history in the City of London as stockbrokers. In the nineteenth century one of them, Sir Ewen Cameron, was with the Hong Kong and Shanghai Banking Corporation, where, amongst other things he sold Japanese war bonds for the Rothschilds to finance the war between Russia and Japan, which led to the formers humiliating defeat in 1905.

The Cotswolds had long been the weekend escape for the rich and powerful who arrived by helicopter. Witney, the Prime Minister's constituency, was one of their watering holes where members of the gilded circle could discretely let their hair down in secluded manor houses, farms and the stately homes of their friends far from the common folk.

Fitzwilliams, was nevertheless a snob, a paid-up member of his class. He

carefully avoided mimicking those of the wealthy upper classes who had become inverted snobs, who liked to slum it from time to time, rubbing shoulders with footballers, working class idols and media personalities, snorting cocaine and joining binge drinking parties whenever the occasion arose, which was certainly was more exciting than drinking tea with the Archbishop of Canterbury or the Queen, but a world where descent into Edwin Drood like depths was never far away.

The class system had not ceased to exist it had simply become more insidious. Economic inequalities had grown as wealth and power were concentrated in the hands of the few. As for the masses their world had become more uncertain, especially for the working classes as security of real employment faded and wages stagnated.

Certain members upper classes did not however hesitate to identify themselves with the nouveaux-riches by quixotically justifying their wealth as part of a just system based on meritocracy and contributing to the well being of the people. And logically working class idols, mimicked the rich by domiciling themselves in exotic tax havens, hiding their newly found wealth from the taxman.

Government ministers naturally kept a low profile, it was not good to be seen quaffing Champagne with bankers and rich wrinkling rockstars chatting about their villas in Tuscany, Provence, Marrakesh or Jamaica. From their backgrounds of privilege and impeccable connections Tory ministers assiduously avoided any overt association with the London in-crowd, preferring the privileged rural life of the Cotswolds where tight lips and respect of the gentry ensured their privacy.

Michael Fitzwilliams agreed with at least one thing said about politicians: they and scorpions had much in common.

## REGULATORS

Foremost in Fitzwilliams mind was the fear that City regulators would be brought in to scrutinize the movement of funds at INI, now under City & Colonial control, made on behalf of Tarasov and friends. The sanctions imposed on certain Russian oligarchs by the EU and US could attract the attention of investigators leading them to scrutinise accounts in search of illegal transfers.

In the meantime evidence of transfers relating to certain of the bank's clients, suspected of tax avoidance or money laundering via shell

companies in the Caribbean and Hong Kong, if discovered by City & Colonial, could be used by Hainsworth to bring pressure to bear on Fitzwilliams buying his silence and pre-empting action by his lawyers to render their takeover illegal.

Fitzwilliams could depend on his loyal inside contacts to keep him informed City & Colonial's moves, even if it was unethical or even unlawful. Brendan Flaherty, would be the first to know about any investigations into suspected irregularities. He had joined the bank as a young man in Dublin and had worked his way up to the position of risk and compliance officer. He and his family had been a loyal servitors to the Fitzwilliams family for three generations and owed the banker this service.

As to what information Tarasov could provide was entirely conjectural. The Russian, until recently holed up in his Irish home in Kerry, had been judged in absentia by a Moscow court for offences relating to tax evasion, fraud and siphoning money from InterBank to his personal offshore accounts.

He had been sentenced to two years imprisonment, his assets frozen and an international warrant issued for his arrest. At the same time the Moscow court demanded that his assets in Ireland and the UK, estimated at more than one billion pounds sterling, be frozen pending further investigations.

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When the news was announced that Swiss prosecutors had searched offices of the Geneva subsidiary of the City & Colonial, in an inquiry into alleged money-laundering, it brought a certain relief to Michael Fitzwilliams.

It would be very difficult for Hainsworth to stir up problems at INI whilst his own bank was under siege, suspected of aggravated money laundering at its Swiss private bank and its offshore branches. On top of that American tax authorities were pursuing investigations of tax evasion by its citizens via City & Colonial's offshore branches.

Fitzwilliams was only too well aware of the arrangements, it was a long standing part of the British establishment's banking traditions. Friends, and friends of friends, had offshore accounts where they illegally hid undeclared money from the taxman. What banker would refuse a government appointment or peer-hood for services rendered to powerful politicians and their families, or highly placed establishment figures, including royalty. Fitzwilliams was not complaining about that, what was eating into him was the political conniving that had cost him his position as CEO of INI, and he was not going to let that pass. With the elections



coming up he still had some cards to play.

He called James Herring, whose advice had the effect of a cold shower. The lawyer explained his role could not be confounded with that of a victim if untoward actions were discovered, if anything he was an accomplice and could be charged in a criminal investigation for fraud and tax evasion, since at that time, as the legal head of bank he would be considered as an accomplice, guilty of aiding and abetting unlawful tax evasion.

However, political pressure could be brought to bear on City & Colonial, which was also facing criminal investigations in other countries, notably the US, France, Belgium and Argentina, though for some strange reason not in the UK, which pointed to the probability of a cover-up at the highest levels, where offshore accounts proliferated, which as such were not illegal, though tax evasion was.

## RUSSIA

Fitzwilliams had totally misread the risk of getting involved in Russia, and he knew it. It was not the fault of Sergei Tarasov, or anybody else for that matter. Western leaders had misunderstood the intentions of the man in the Kremlin, and even some of those close to him had gotten it horribly wrong.

The banker was not the only one who had listened to the encouragement of politicians and advisors who imagined economic ties could be exchanged for political compromise. It was not the first time leaders had made the same mistake. Putin's was not discouraged by the potential loss of trade relations with the EU, when it came to his Eurasian Economic Union ambitions, especially when he was selling oil at over one hundred dollars a barrel.

In measuring the mood of the Kremlin, London and Brussels had catastrophically miscalculated. They had not realized that the Kremlin saw the Ukraine as being historically speaking part of their nation, it was not another Poland or Hungary.

As usual the Foreign Office, to which MI6 reported, had made cuts, paring back on intelligence resources and analysis, not through their own fault, but rather that of transient politicians and their vote winning policies: politicians who had imagined Russia could become a democratic partner. Nothing was further from reality. All Russia's long history had been one of authoritarian rule, even if Alexander III and Nikolai II had introduced

reforms. As for Joseph Stalin many of his despotic ideas were still alive and kicking.

Were politicians and businessmen warned? Probably not, in any case men like John Francis knew from long experience it didn't pay to tell the truth to those who did not want to hear it.

Moreover, what could Blair, Cameron or Sarkozy possibly know about Russia. Angela Merkel on the other hand knew quite a bit. She had grown up under Communist rule in the Democratic Republic of Germany, where Russian presence was all pervading. Not only that, her communications with Vladimir Putin were unhindered by linguistic and political cultural barriers, he had been a KGB agent in Germany and had a perfect command of German, she had learned to speak Russian fluently at school, winning prizes for her proficiency in the language.

What would Putin pull out of the bag next? The Baltic states held sizeable minorities and pressure could be put on discordant EU members with little effort. Whilst Nato generals wanted to send strong signals to the Kremlin, Nato would never sanction a war on Europe's doorstep, and Putin knew it.

But even Putin miscalculated. In 2013, the price of Russian Urals crude oil: a mix of heavy and high grade oil from the Urals and Volga regions with West Siberian light, had oscillated around one hundred or so dollars a barrel.

At that time most so called experts had estimated the average annual price of Urals crude would steadily increase, reaching an average of one hundred and sixteen dollars a barrel by 2016. No one had imagined that by early 2015, prices would plunge to less than forty dollars a barrel.

The significance of this was that up to that point in time oil had played an almost overwhelming role in Russia's economy with fifty percent of its federal budget revenues coming from mineral extraction taxes and export duties on oil and natural gas.

The effect was catastrophic: for every drop of one dollar in the price of Urals crude, Russia lost about two billion dollars in revenue.

If Putin, whose duty as president of the Russian Federation was to have his finger on the pulse of the planet, had been caught unaware by geopolitical issues, then Fitzwilliams could be excused, at least in part, for his failings to do so as CEO of INI. To his everlasting regret, such issues had been of little interest to him. Profits, growth and international expansion had been his driving interest, and now it seemed his downfall.

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In July 2013, the Russian lawyer, Sergei Magnitsky, was convicted by a Moscow of tax evasion. His real crime, if there was one, was uncovering a two hundred million dollar tax fraud, involving members of the Russian government, whilst working for William Browder, an American investor.

The only problem was Magnitsky was not in the court to hear the verdict. He was dead, murdered four years earlier in Moscow's Butyrka prison, the result of severe beatings and the lack of medical care.

The post mortem conviction was not just an example of the capricious nature of the Russian legal system; it was an insight into how Rosfinmonitoring, the Federal Financial Monitoring Service of the Russian Federation, was used by the Kremlin to control dissenters.

The much publicised deoffshorisation campaign launched by Vladimir Putin was not only aimed at repatriating assets, but also fighting corruption and capital flight. The campaign was launched after it was revealed that Russia was losing billions overseas every year. It seemed that anybody of importance in the higher ranks of the country's administration, from the heads of security agencies to the Chair of the Russian Duma's ethics committee, owned significant overseas assets. This included accounts in offshore tax havens in Europe and the Caribbean.

The campaign was designed to coerce the Russian elite to hold their money inside the country. As one member of the Duma put it: This law is about political, and not legal, control. It will be applied selectively and subjectively.

Corruption was part of Putin's reward system to guaranty the loyalty of his entourage and as a weapon against enemies. With it he could control the powerful oligarchy and thus reinforce his political base. Men like Tarasov were held on a tight leash by the ever present threat of reprisal, prison and the seizure of their assets if they failed to toe the Kremlin's line.

From time to time examples were made, Mikhail Khodorkovsky was one, the head of the now defunct energy giant Yukos, was jailed on accusations of money laundering and fraud, though his real crime was to have politically challenged Putin.

The message was plain: follow the rules or face the wrath of Russian justice. These rules were enforced by the selective application of the laws relating to finance by Rosfinmonitoring. Dissenters were pursued by the courts, whilst those who pledged loyalty to the system, by forgoing all personal political ambitions, were allowed pursue their financial goals.

Wealthy Russians, fearing the hand of the Kremlin, had stashed their

money away in safe havens such as Cyprus, Luxembourg and Israel, but whenever possible their preferred choice was the City of London with its conduits to British Overseas Territories in the Caribbean, where their assets were theoretically beyond Putin's reach.

Curiously the legislation against money laundering in Russia was enacted at the instigation of the West in its fight against international crime. Thus the Kremlin could be seen to legitimately pursue the guilty, but more especially opposition figures and disloyal oligarchs on charges of tax evasion, embezzlement and other financial crimes. Nearly all were convicted, giving an appearance of credibility to Putin's crackdown.

Sergei Magnitsky was proof that Putin's reach went beyond the grave, giving the whistle blowing lawyer the doubtful fame of becoming the first person in Russian history to be tried and convicted posthumously.

Putin's trusted friends, that is until proven otherwise, were the hundred or so oligarchs who controlled a very large part of the country's wealth, giving credibility to the slogan: For my friends, anything. For my enemies, the law!

## PANAMA CITY

Whilst Liam Clancy was discovering the charm of Bocas del Toro, Tom Barton listened to Don Pedro a few hundred miles to the south at the family hacienda in Barichara. The Colombian pruned his government's investment policy, casting aside the shadow of the country's violent and drug-fuelled past.

"Tell your friends confidence is growing in Colombia, Tom, even though there's still a lot of progress to be made. A great transformation has taken place over the past decade."

Barton nodded, it was not just hype, he had seen for himself how Colombian was moving forward, even if the image of a narco trafficker's paradise still lingered.

"Here personal relationships are what everything is about. We spend a lot of time building and maintaining these."

"It's like that in Asia."

"Perhaps, but here we have *corazon*."

"Yes, I can understand that."

"That's why things take time, a little difficult for North Americans to

understand,” he said, then adding with a laugh, “and mortifying for our Asian friends.

“Colombia is situated strategically between the North and South. We have turned a page, the days of Escobar are long past and the conflict with the Farc will soon be settled for good. Today we say: Colombia, el riesgo es que te quieras quedar.”

Barton nodded with a smile that said everything.

“Our president, Juan Manuel Santos, has the approach needed to get us out of the impasse that prevented us from moving forward. You know ten years have changed a lot in Colombia. Our middle class has grown to over thirty percent of our population, and at the same time poverty, though its still common, has dropped.

“Nearly all our major cities are prosperous, just look around and you can see names like Cartier, Louis Vuitton, Armani, Zara and Disigal everywhere. Things are looking good for business with our growth rate, five percent and an acceptable rate of inflation. Today we offer a lot opportunities for investors. It’s a much better place for doing business than it was before, better than our neighbours, better even than some of your European countries, including Belgium and Italy,” he added with an apologetic smile.

Barton agreed, what he had seen confirmed the old man’s words.

“Last year your future king visited us.”

Barton was nonplussed, he wondered who his future king was.

“Charles.”

“Oh, I see.”

The both laughed as Barton wondered why foreigners often seemed to imagine Brits as being on talking terms with royalty.

“Our problem is infrastructure and transportation, Don Pedro continued, “that’s why I have to fly everywhere. As los norteamericanos say, time is money.”

“That’s true,” Barton concurred.

“But moving goods is a more serious business, getting them to and from the coast, Barranquilla or Cartagena, is hugely expensive.

“Buenaventura is our most important port, it’s our gateway to Asia and will play a role in the Pacific Alliance, that’s the free-trade pact with Mexico, Chile and Peru. Unfortunately Buenaventura is an exception when it comes to prosperity, it’s got justifiably a bad reputation, drug wars and

all kinds of unpleasant business.

“Unfortunately Buenaventura remains a city where crime and violence are the products of poverty. It’s where Colombia’s evils live side by side, where the chainsaw has become a symbol of the city.”

“Chainsaw?”

“To chop up the gangs’ victims,” said Don Pedro wrinkling his nose at the thought of it. “Their business is cocaine, illegal gold mining, smuggling and lots of other bad things. Our government has still another battle on its hands there.”

Narcotics were omnipresent in Latin America - its dark face, only the week before, Barton had read, the head of the Knights Templar drug cartel had been captured by the Mexican police as part of a crackdown on gangs. Gangs and cartels controlled cocaine from Ecuador and Colombia as it transited through Central America on its route to the US.

In Buenaventura, warring gangs, known as los malos, spent a good part of their time fighting turf wars in its poorest neighbourhoods. The remains of those that fell foul of their laws were tortured to death and their remains scattered in the nearby jungle, or tossed into the river, after being dismembered in the miserable wooden huts known as casas de pique overlooking Esterio del Pinal, which led out to Buenaventura Bay and the Pacific.

“Many of the gang members are, or were, part of the Farc. They had little choice but to turn to organised crime once the war started to wind down,” Don Pedro continued with a cynical laugh. “It was the only business where their skills could be could be put to profitable gain.”

Barton looked worried and his future father-in-law hurried to reassure him. “Don’t worry, here at Barichara life is very quiet. There is little poverty and we have a good police force.”

To the amusement of the Colombian, Barton forced a relieved and slightly falsetto laugh.

“Here, let me fill your glass.”

## CORNUCOPIA

John Francis, as a seasoned economist and historian, knew better than most the challenge of robotisation. Technology had threatened jobs since the end of eighteenth century and it was Adam Smith who described mass

production in his opus magnum: *An Inquiry into the Nature and Causes of the Wealth of Nations*, published in 1776. Francis owned an early copy of the four volume work, bought in an Istanbul second hand bookshop many years back. It was kept in a prominent place in the library of his Dublin home, a constant reminder of economic fundamentals and change.

Labour and economics were subjects that attracted the attention many historical commentators. The oft cited quotation: History never repeats itself but it rhymes, erroneously attributed to Mark Twain, certainly contained some truths. However, Francis preferred the words from a novel Mark Twain co-wrote with his neighbour Charles Dudley Warner: History never repeats itself, but the Kaleidoscopic combinations of the pictured present often seem to be constructed out of the broken fragments of antique legends.

Although Adam Smith was the first to have described the economics in terms of manual mass production, Francis saw robotics as its ultimate tool, in fact it was at the heart of his vision of Cornucopia. This was confirmed by the evidence around him whereby almost every industry was affected by the introduction of robotics, from white collar jobs in banking and insurance to steel and automobile production lines.

Advances in the computerisation of production tools progressed in leaps and bounds. Almost every labour oriented task was being optimised by intelligent machines in a tectonic shift that was transforming human society. Cornucopia was on the march and unless politicians and business leaders acted, its effects on those left by the wayside would be devastating.

Some described the changes as cyclic, including Francis, who believed history taught mankind its lessons, even if they were constructed out of the broken fragments of the past. However, the difference with the past was the ever accelerating speed of change, which had reached a point where leaders and institutions were no longer capable of providing an adequate response.

Quantum changes in technology had destroyed jobs: first hollowing out the working classes, then the middle classes, and in almost every sector of commerce and industry.

Moreover, as jobs were increasingly automated, the effect on real wages was inversely proportional.

Soon, Francis told his students, the economy in parts of the UK would resemble that of undeveloped countries. In fact it was already the case, with certain towns and districts of large cities already reminiscent of urban scenes in the Middle East or India, regions where small businesses

dominated the economic scheme of things: food and small services, clothing and textiles, kitchen equipment, repairs and spare parts, buses, taxi services and the local transport of goods, pharmacies and medical services, local markets for agricultural products, and small farming tools.

In brief primary manufacturing was absent. With the exception of services, bakers, butchers, restaurants and the like, practically all industrially manufactured goods were imported: the affair of local distributors supplying both consumers and small industries with their needs: building materials, electrical equipment, automobiles, motor cycles, buses, trucks, tractors and household goods.

In pre-industrial times Francis explained to his students, employment was created in great European cities by small trades: butchers, bakers, tailors, carpenters, printers, masons, carriage makers, locksmiths, tanners, beltmakers and so on. Few of these remained and as China and India advanced nothing but the butchers and bakers would be left, and even that was not certain.

An automated robotic future would see the return to a pre-industrial society, where the only jobs would be in small distributive commerce and professional services.

Already manufacturing and major distribution networks were controlled by globalised corporations that robotised the production of automobiles, electrical goods and all the rest, delivered to the consumer by Amazon and Alibaba.

The dawn of Cornucopia was at hand.

The question was how to transform society? How to live in a world of plenitude? Ensure each one got his fair share? To prevent vast waves of uncontrolled immigration from war torn and dystopian societies invading advanced nations.

Europe, already threatened by the loss of secure well-paid jobs, would be forced to defend itself faced with the collapse and dysfunctionality of its neighbours to the south and east. The threat came not only from dystopian nations such as Somalia, Eritrea, or war torn states such as Iraq and Syria, but also resource dependent nations such as Russia, Saudi Arabia and other Middle East countries as the price of their commodities collapsed and as new technologies made their commodities irrelevant, as it surely would.

The idea that planet Earth was running out of resources had always baffled Francis, had not technology always found new ways to dig our material needs from the huge globe beneath our feet?



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Why do future gazers fear aging? Francis often asked his students. It was because they linked an aging population to traditional macro economic concepts: societies in which by definition people worked.

But what if nobody worked? Would age matter?

Until the middle of the second half of the nineteenth century life expectancy at birth in the UK, Europe and the Americas was thirty five, from then onwards it started to rise, steeply, and continues to do so. The rest of the world lagged behind for another forty or fifty years, then followed the same steep curve of increasing life expectancy.

The low figures of the past were mainly due to infant mortality. In the past an adult, who reached the age of thirty five, could expect to live to sixty two or three, today this has increased to eighty.

During the past century or so, the world depended to a large degree on human labour for the production of food, goods and services. However, as Cornucopia emerged, labour needs declined steeply with surplus labour being diverted to the services of people: health care, education and training.

Fears that growth in economic terms would fall were unfounded as the Cornucopia gained ground. As the age of plenty approached all citizens in normal functioning societies could expect to share in the bountiful advantages offered them.

The idea was not new, in 1797, Thomas Pain introduced in his pamphlet *Agrarian Justice* the concept of a guaranteed minimum income and very much more recently Finland, Switzerland and the Netherlands, all advanced societies, considered the principal of paying all their citizens: every man, woman and child, a minimum wage. It was not an alien idea to modern society where countries like France provided aid to six million people a year in the form of unemployment, sickness, old age and a whole range of other benefits.

“Those like our friends at the City & Colonial,” Francis gleefully explained, “who imagine we need more children to replenish the workforce and provide potential consumers, are akin to nineteenth century chimney sweeps complaining gas and electricity would put their ten year olds out of work.”

Those who talked of demographic suicide and the spectre of collapsing pension schemes, forgot more people needed more jobs to pay contributions ... jobs that could no longer be provided for the simple reason machines had already taken over them, even in China, where computers,

cell phones and automobiles were manufactured in workerless factories in Chongqing, Shenzhen and Taipei.

Another social and economic model was needed to live with Cornucopia and its bounties. The question was whether or not politicians were up to the task? Francis would have liked to have spoken of a governing class that was more interested in the future of the people they governed rather than stuffing their pockets, where jobs for the boys was the rule, where former ministers and prime ministers were rewarded with rich sinecures, whatever future disaster they bequeathed the people.

Could a system where old school ties counted more than real innovative talent survive. A system that proposed a referendum that risked throwing Britain's membership of the EU to the wind on a whimsical, demagogic, vote getting promise; a system where the honey pot permitted politicians and public figures to indulge in their fantasies, however perverted or vile; a system that allowed war mongers and complaisant friends of dictators to become multimillionaires.

## A CLIMATE OF FEAR

Following the brutal murder of Russian opposition politician Boris Nemtsov in Moscow the climate of fear deepened. Late on a Friday evening as Nemtsov walked home after dining with his girlfriend at the GUM shopping mall on Red Square, he was brutally shot down as the couple crossed the Bolshoy Moskvoretsky Bridge between the Kremlin and St Basil's Cathedral on the Moskva River.

The Russian foreign minister, Sergei Lavrov, speaking to the international press, described the killing as a heinous crime, however, opposition leaders had little doubt the crime was the work of Kremlin agents.

The listing of political assassinations grew longer: Sergei Yushenkov, Yuri Shchekochikin, Anna Politkovskaya, Stanislav Markelov, Anastasia Barburova and Natalia Estimirova and now Nemtsov who was guilty of exposing corruption and opposing the Kremlin's war in the Ukraine, a crime in Putin's ultra-nationalist Russia, in which Nemtsov was seen as a traitor with a zero chance of his murderer being arrested.

Russia's problem was not that Putin had created the system, it was already there, and had been since the time of the czars. As for his system of crony capitalism it had been in place since the dissolution of the Soviet Union. The distribution of the Soviet state's assets was intended to create a market

economy, but tragically for the Russian people a large part of the national wealth had fallen into the hands of a new elite, the so called oligarchs: who John Francis compared to the Muscovy Boyars of the 14th and 15th centuries.

In the immediate post-Soviet Russian period, the government established a voucher programme for the distribution of shares in certain large industries, known as combinats, the idea was to prevent the Mafiyosa from seizing ownership. These vouchers were allocated to workers and management alike and could be exchanged for shares in the companies where they worked.

The shares were denominated in roubles, which in that chaotic post-Soviet period went through a series of successive catastrophic devaluations and dismayed workers soon found themselves holding almost worthless paper. Having little faith in the state most hurried to offload their shares and vouchers for hard cash, that is to say dollars, to senior management and insiders, who abetted by banks and powerful opportunists effectively seized control of these huge combinats: the keys to vast wealth.

This new class of capitalist entrepreneurs, known as oligarchs, quickly reorganised their newly acquired assets, generating profits and leveraging loans to finance modernisation and expansion.

Soon after, the cash strapped government, in order to raise funds, organised bids for the lease of non-privatised state industries, including prized national assets such as Norilsk Nickel, Yukos, Lukoil, Sibneft, Vostokneft, Yakutneft and Surgutneftegas.

The auctions were rigged and when Boris Yeltsin's desperate government defaulted on the loans, as they inevitably would, the oligarchs became the effective owners of these enterprises whose wealth potential in oil and minerals was astronomical.

It was a wind fall of staggering proportions, never had the world seen such a carve up of a nation's assets. For the new owners there was a catch and that was future governments could question the legality of such too good to be true acquisitions, so the oligarchs, anticipating the problem, hurried to bank their wealth offshore, beyond the reach of the Kremlin, if ever its incumbents decided to reverse the governments past decisions.

THE MOTHERLAND

Ekaterina translated as they watched a documentary entitled The Path To The Motherland produced by RT, the leading Russian TV channel, controlled by the Kremlin. It told the story of Vladimir Putin's plan to annex Crimea and how it was prepared well before the peninsula's referendum on self-determination.

In late February 2014, at an all night Kremlin meeting, orders were given to prepare for the takeover, which commenced when armed men seized the regional parliament and government buildings and raised the Russian flag.

The meeting took place following the resignation of the pro-Russian Ukrainian president, Viktor Yanukovich, who immediately decamped to Russia, where he then retracted his resignation. Putin admitted that the decision to rescue Yanukovich, who he feared would be murdered, had been decided at the same meeting

When RT described the armed men as volunteers, Ekaterina shook her head.

Francis gave a questioning look.

"Very few volunteers who would act without the Kremlin's approval. You've seen what happens to unapproved demonstrations here in Moscow."

Ekaterina was not active in any opposition movement, but like many educated Russians she was a sceptic when it came to the Kremlin's, and especially Putin's, announcements.

"It's for the people, they believe everything he tells them. It makes them feel good."

"Don't they care about the effects of the sanctions?"

"No," she said laughing, "most have nothing anyway. It's only Moscow and Piter that feel the effect... and they're not starving, they just have to readjust, eat Kolbasa."

"Piter? Kolbasa?"

"Petersburg."

"Oh... and Kolbasa?"

"That's what some say led to the collapse of the Soviet Union," she said amused at his innocence.

John looked at her as though she was pulling his leg.

"It's our version of American Bologna sausage. They called it sobachya radost ... the dog's paradise," she explained, even more amused by the look on his face."

"I'll explain John. Kolbasa was something Mikoyan invented, he was out

food minister in the twenties. The people loved it, but when hard times came in the seventies, they changed the recipe and replaced part of the meat with some kind of cheap filler and it became a Soviet joke.”

“A joke?”

“Yes. What’s long and green and smells like kolbasa?”

He looked blank.

“A Russian train,” she answered with tears of laughter running down her face, not only at her joke, but the look on his face.

“You’re too serious for an Irishman John.”

He smiled.

“I have to admit you Russians have a good sense of humour when things are looking down.”

“We’re used to it.”

Ekaterina remembered Soviet times as a young girl and the even more difficult period that had followed it. Her husband had died a hero in Putin’s fight against the Chechen rebels after the newly elected president had launched his war with the not very Churchillian words: We’ll blast them out, even in the shit-house, and he did.

After her loss, Ekaterina had brought up their daughter with the help of her parents.

“To understand Vladimir Vladimirovich, you must remember his word’s,” she told Francis “... it is worth acknowledging that the demise of the Soviet Union was the greatest geopolitical catastrophe of the century.”

## **Chapter 8**

### **TRANS-SIBERIAN**

“We Chinese have never had much love for Russia,” Lao Wu told Kennedy. “Let me tell you a little about Imperial Russia’s colonial expansion eastward, how we were forced to cede the Far East and parts of Siberia to the czars ... the Amur Basin and Vladivostok ... in different treaties, then Outer Manchuria in the Treaty of Peking in 1860.”

Kennedy, who had always been fascinated by history, was often disturbed by how little he knew about the world beyond what was defined in Irish schools, at least when he was a lad: an endless reiteration of Anglo-Irish

history, and an Anglo-centric view of the world. He didn't doubt it was the same thing in schools elsewhere, but regretted the reduction such an approach induced in young minds, ideas that remained, for most people, fixed for the rest of their lives.

"You see after the Russian Revolution, the Bolsheviks saw us as part of their Komintern expansion. They called the shots and fomented revolution, which by the way was started here in Canton. It was here Sun Yat-Sen and the revolutionary movement set up their base.

"Lenin believed that the Russian Revolution could not survive without Communist revolutions in other countries, which in turn would become allies of the Soviet Union. However, from his own experience, he realised that in economically backward countries, which at that time Russia was, revolutionary leaders were not workers or peasants, but rather middle class intellectuals, the base of the bourgeois establishment. So Lenin based his plans on the support of bourgeois nationalism in imperialist dominated countries like China was at that time, which explained his interest in Sun Yat-Sen's Kuomintang nationalist movement."

"Kuomintang?"

"Yes, the nationalist party... three words: Kuo, or guo in pinyin, means nation, country; min, the people; and tang, party. Nation, people, party: KMT."

Pat nodded tucking the words into his memory for future use.

"Sun Yat-Sen's primary goal was the reunification of his country, and for that he needed help, so after being rejected by the imperial powers, he turned to Komintern. So you see, from the early twenties the Soviet Union supported his revolutionary movement, they provided Sun with military and political assistance and helped him to build his organization.

"It was like that the first Russian mission arrived in China in 1920, and in 1923 they set up base here in Canton, which became the KMT's capital. where under Michael Borodin's direction, the Whampoa Military Academy was founded."

"I see."

"The Academy's commander was Chiang Kai-Shek," Wu added with a knowing smile, a fact which was lost on Pat as he struggled with the names.

"Komintern's press and propaganda department was headed by Mao Zedong. At the same time another future Communist leader, Zhou Enlai, was starting out at the Whampoa Military Academy, which by the way is

just down the river from us here in Shamian,” he said pointing outside, “they set up the academy, on Whampoa Island,<sup>1</sup> that’s where we now hold the Canton Fair.

The Canton Fair made sense to Pat.

“So you see the Russians succeeded in penetrating the entire structure of the KMT. But it didn’t last long, unfortunately for them their plans collapsed and the Chinese Communists massacred. A humiliating defeat for Stalin and his plans to draw China into the Soviet orbit, temporarily that is.”

“What happened to Borodin? Asked Pat, vaguely confusing the revolutionary with the composer of Prince Igor.”

“Borodin died in 1951, in a labour camp near Yakutsk in Siberia.”

Momentarily Pat thought of Tarasov and the fate that awaited him if he returned to Moscow.

“The Communist Revolution in 1949 was what really changed everything in Hong Kong,” Lao Wu continued, “A great many Mainland Chinese businessmen and refugees fled to the British colony. Then the British imposed a boycott, which meant Hong Kong was cut off from the Mainland. That’s when our family developed its business there, we brought in money and built textile factories and the refugees provided cheap labour, helping Hong Kong to survive.”

Whatever. Pat understood revolutions were complicated. But the fact remained that Mao had won: China was still Communist, but in a form the Great Helmsman could have never imagined, even in his wildest dreams.

The same went for Vietnam, Pat thought, Ho Chin Min had won the war and lost the peace. Uncle Ho had all but been consigned to history, like Mao Zedong, almost legendary symbols of nationalism and independence, embalmed mummies, forgotten by societies more concerned by the pursuit of work, wealth and happiness in their capitalist consumer world.

“So you see Pat history is very complicated, especially that of China, where we adore money, but where, paradoxically, the Communist Party rules with nearly ninety million members.”

“Yes, like my country, I mean Irish history is complicated, but things are on a smaller scale of course.”

“Yes, everything in China is big.”

“Of course ... we also have fewer Communists,” added Pat.

They both laughed.

Old Wu re-served Pat with cold tea.

“Our trouble today is corruption, I’m sorry to say it’s rife. Officials, wherever they are, have used their position to fill their pockets. I should not say this, but here in China corruption is very a family business. It’s almost become normal for those in a position of power to steal, using their families as a façade to hide their dishonest gains.”

“Our family money has come from industry and investment, of course we have used our influence, who hasn’t. But common corruption is everywhere and its scale becomes visible whenever things go wrong, industrial disasters and the like.”

<sup>1</sup>. Huangpu on the Jujiang River in Canton

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The Dax fell two percent when the news came in of an armoured Russian incursion into the eastern frontier region of Ukraine. Fitzwilliams, rightly concerned, tried to call John Francis as Russia and the Ukraine wavered on the brink of all out war, threatening the Europe with disaster.

Over the previous forty eight hours there had been reports and counter reports of armed clashes on the border east of Lugansk. This time, though there was no official confirmation, grim images of burnt out armoured personnel carriers and the bodies of dead Russian soldiers were visible for all to see on international news agencies Internet sites.

Diplomats focused their attention on Moscow, pleading caution, whilst Western leaders and their ministers watched anxiously from their vacation villas in Tuscany, Ibiza or the French Riviera, hoping their vacation would not be spoilt by a war.

At NATO’s headquarters in Brussels, Anders Rasmussen warned member nations the flash point had been reached, exhorting the alliance’s leaders to act against Russia’s aggression.

Fitzwilliams was out of luck. As events threatened to escape control John Francis was boarding the Trans-Siberian Express at Beijing Railway Station, destination Moscow. There he planned to spend a week with Ekaterina before heading home to Dublin. The dramatic news did not change his plans; there was nothing he could do to prevent Mr Putin from starting an all out war, and a few more days would make little difference.

With the words of Wu in his mind Pat Kennedy had jumped at the opportunity to join Francis for the trip. Moscow and Beijing, willingly or



not, had been linked since Russian explorers had penetrated into the Siberian Far East in the nineteenth century and the chance to discover first hand those vast regions excited Kennedy's imagination.

Further, Putin's bombastic gesticulations were becoming a cause for concern not only to the world but more specifically threatened INI's business interests in Russia. A timely visit to Sergei Tarasov in Moscow would hopefully provide information as to the Russian leader's real intentions.

Beyond that, Pat was not about to miss out on the opportunity for a little adventure, he had always wanted to see the Russian heartland and ride the mythical train across the Eurasian steppe. Moscow and Petersburg he knew, as well as a few other cities, notably Ufa, where he had visited the Ural oilfields. Then there was the Chinese frontier crossing and the vast Mongolian plains, which he would now be able to see from the comfort of a VIP carriage on the Trans-Siberian railway.

The two men had reserved compartments with a private bathroom, television and other facilities, including air-conditioning and even fresh flowers, paying the price for privacy by booking an entire compartment each, thanks to a little string pulling from INI in Moscow. This meant they had the use of the small restaurant at one end of the wagon and the bar at the other, reserved exclusively for the VIP travellers.

Fortunately for them, China's railways were modern and efficient, though there had been a number of high profile scandals including one that involved the head of China railways in Kunming who had been sentenced to death for his crimes, as had a former railways minister a couple of years previously.

Once the travellers had been delivered to the train and their respective compartments, Francis, fearing his friend would get lost in the milling crowds of travellers, insisted that Kennedy refrain from exploring. The vast station, a monument to Chinese socialism and tradition, and a singular mix of architectural genres, was built to celebrate the Tenth Anniversary of the founding of the People's Republic of China. It was one of several mainline stations in the capital and certainly the most important in terms of size and passengers.

Francis was passably concerned at the prospect of the nine thousand kilometre voyage with his sometimes over-active friend, uneasy at the thought Kennedy would become submerged by lassitude in the confinement of the train on its long journey westward, though at that

precise moment, as the train slowly started to pull out of the station he was anything but bored, on the contrary Pat was as excited as a fourteen year-old setting out on his first holiday away from home without his parents.

Most people would have been surprised that a man as busy as Kennedy could afford to spend five days and twelve hours on a train journey, but knowing Pat Kennedy as long as he had, nothing surprised Francis.

As a young man, at the time of the Soviet Union and Mao's China, Francis had made the same journey, when the experience was probably not so very different to that described by Peter Flaming in the account of his journey to Peking, as it was then known, in 1934. Since those heroic times the world had moved on and Francis was keen to see the changes that had taken place in the intervening decades.

His first visit to the Soviet Union came at the height of the Cold War when Leonid Brezhnev ruled Russia. Francis had discovered an exciting and mysterious world, an alien planet, the evil axis, where he imagined dangers lurking on every street corner, spies and entrapments, and he wasn't far off the mark. He remembered a trade exhibition in Leningrad where he traded a jazzy neck-tie for a carton of toxic Russia cigarettes, packed in rough paper board bearing a red star and a crude image of the Kremlin printed on its cover and on each packet. For some curious reason he still had the carton somewhere at home, a keepsake, still filled with the noxious hollow tubed cigarettes.

At the time Moscow was grim, as was its food, its spartan comforts, its empty shops and the city's dour citizens. The few ideas he had vaguely nurtured as a young man of a socialist paradise quickly evaporated. After a few days accompanied by overbearing party hacks and fellow travellers at Lenin University, where he had attended a conference on Soviet Economics, he was vaccinated against Soviet style Communism for life.

There was little of interest until he met Kalevi Kyyrönen, a young Finn, who was studying Russian language, culture and economic history, with whom he developed a life long friendship. A month of Vodka fuelled nights with Kalevi and his friends taught John Francis more about Russia than he could have ever learned from a hundred dry conferences.

## RUPTURE

Sergei Tarasov had been frequently photographed alongside Vladimir Putin in Moscow and Saint Petersburg. He was part of the Russian leader's inner circle, consulted on matters of finance and relations with the EU, London and more in particular the City. Under Putin, Tarasov had

prospered, become an even richer man.

The first signs of discord came after the then Ukrainian leader Viktor Yanukovych hurriedly signed Putin's Asia Union agreement, to the great surprise of Brussels and the Ukrainian parliament. Once the initial shock was over, crowds began to gather in the Maidan in Kiev in protest against the forced rapprochement with Moscow. Until then the Ukrainian government had been engaged in a long process of negotiations with Brussels for an agreement on closer economic ties with the EU, which by the sudden stroke of a pen had become null and void, consigned to the trash can.

To the astonishment and annoyance of Moscow, Ukrainians, with the exception of the Russophone east of the country, had no desire to return to Moscow's fold, so with a nod from the Kremlin Yanukovych ordered a savage cracked down, which resulted in the tragic deaths of more than one hundred Maidan demonstrators. It was not a good time to spoil Putin's moment of glory with the opening of the Sochi Winter Olympics at hand, in which, according to estimates, Russia had invested a staggering fifty five billion dollars.

During the various receptions and ceremonies, Pat Kennedy, who stood in for Michael Fitzwilliams as one of Tarasov's privileged guests, had discretely noted the Russian banker had not received the habitual bear hug from the great man, but a rather a distant handshake. The reason it seemed was Tarasov had pleaded in favour of Brussels' demand for Ukrainian auto-determination and non-interference.

Tarasov, like certain other very rich oligarchs, had many enemies in the Kremlin, some of whom were more then willing to pour poison in their leader's ear. Amongst these was a certain Andrei Azhishchenkov, one of the shadowy denizens of the Kremlin, head of a vast and diverse business empire with interests in real estate, construction, media and entertainment companies as well as restaurants and nightclubs.

Azhishchenkov bore a grudge against Tarasov that dated back to the early Yeltsin years, when Russia's finance sector resembled the Wild West and banks sprung up on every street corner. One of these was a shaky establishment acquired to front the booming real estate holdings of Nikolai Yakovlevich Dermirshian, the head of one of Russia's Mafiya fraternity.

Properties in cities of Moscow and Saint Petersburg had fallen into Dermirshian's hands almost by chance, the product of rampant corruption, debt and extortion. As soon as the Russian economy opened the property

prices rocketed resulting not only in huge added values but also a unique opportunity to launder the organisation's dirty money, all of which called for a compliant bank, or better still, Dermirshian's own bank.

Acquiring a struggling bank was easy, but running it more difficult, and Sergei Tarasov, a young and brilliant business school graduate, was hired to manage its restructuring. Tarasov was quick to seize the opportunity and thanks to his talent and discretion he quickly gained the confidence of his masters and was soon appointed him head of the resurgent bank.

At that time Tarasov made acquaintance with a nameless aid of Anatoly Sobchak's, the then mayor of Leningrad, who was to play a role in Mosbank's property plans in the city. That aid was Vladimir Putin, a former student of Sobchak's at Leningrad University<sup>1</sup>. They became friends and later Tarasov acted as one of Putin's close advisors during his first presidential election campaign.

In those early years Putin, the former KGB lieutenant colonel, was a frequent visitor at the up and coming banker's newly acquired villa in Novo-Ogaryovo situated in the pine-scented woods on the outskirts of Moscow.

There was only one black mark on Tarasov's otherwise successful rise, he had been promoted over another ambitious candidate: a protégé of Andrei Azhishchenkov. As Mosbank grew and was transformed into InterBank, Azhishchenkov, future member of Putin's inner circle, saw Tarasov as having evinced his protégé, forgetting it was Tarasov's talents that had created what had become InterBank, an influential, highly profitable, international bank. Azhishchenkov was a man to bear grudges and as he watched Tarasov become the new leader's confident he bode his time, waiting for his moment to come, and come it did in the early summer of 2014.

Following Russia's forced annexation of the Crimea, came an uncontrolled conjugation of events. The first was the invasion of the Donetsk Region by Russian paramilitary forces, then the accidental shooting down of a Malaysian jetliner, followed by economic sanctions imposed by the US and EU against Moscow.

The effect of sanctions was marginal and it was not until Russia's life blood was hit by the fourth event that real pain was felt. This was the result of serendipitous cyclic forces in the energy market, fortuitous from the point of view of the West. A conjuncture totally independent of political or strategic considerations by the opposing parties, which resulted in the:

sudden oversupply of oil and the intervention of market forces, which was translated into the brutal collapse of prices.

The US production of shale oil had reached record levels in a market where the increased production of conventional oil met with falling demand.

Seventy percent of Russian exports consisted of oil and gas, the revenues from which made up half of the federal budget and a quarter of the Federation's total GDP. Unexpectedly the Kremlin found itself forced to dig into its reserves, which substantial as they were could not last forever.

Tarasov's fall from grace had not been entirely unforeseeable. In an interview with The Times of London, he had spoke in favour of a negotiated solution to the Donetsk problem, which in the Kremlin's eyes was not his or any other businessman's prerogative, however rich and powerful he was.

Had he deliberately distanced himself from Putin's policy in sympathy for the Ukraine's right to self determination? No, he was a businessman and felt no particular sympathy for Kiev. Had it been a political challenge? Again the answer was negative, he had no political ambitions. Or was it his inside knowledge as a banker and investor? The latter explanation was nearer to the point.

Tarasov with his finger on the pulse of commodity markets realised a watershed had been reached, the golden days of oil and gas were over, at least for the present, and hard days were ahead for the Russian economy.

He was not alone. Like other oligarchs he had been discretely transferring his moveable assets, namely cash and shares, to the safety of various offshore vehicles. Then came his decision to move InterBank's subsidiary property investment business to London, which did go down at all well with the Kremlin's master.

The final straw came with his revolt against the forced purchase of non-tradeable government bonds.

In the wake of economic sanctions, the collapse of oil revenues and the vertiginous fall of the rouble, the Ministry of Finance, in order to avoid deep budget cuts, summoned Russian businesses to exchange their dollar reserves for rouble denominated government bonds, which of course the oligarchs had no choice but to accept, that is with the exception of Tarasov who openly criticised the move.

Retaliation was swift and Putin's until recently close relationship with the oligarch turned as icy as the hard trodden snow on Red Square. The Kremlin in a classic move, ordered the Ministry of Finance to seize the

bank and its assets, justifying its moves by accusations of massive fraud tax evasion.

Wisely Tarasov postponed his return to Moscow in the hope that the crisis would pass. Any thing else would have been an invitation he could not refuse - a long sojourn in a hard labour camp in Siberia. He had no desire to suffer the same fate as that which befell Mikhail Khodorkovsky, a high flyer who had fallen out of favour with the Kremlin's master, a consequence of the oligarch's inordinate political ambitions.

Whilst the UK government could not prevent Tarasov from be pursued in British courts by the Russian authorities, Tarasov was protected by the absence of a bilateral extradition treaty between Russia and the UK, which had not however prevented the FSB from pursuing the Kremlin's other enemies in London, amongst them Alexander Litvinenko and Boris Berezovsky, both of whom ended up seriously dead.

Nobody but nobody was beyond the reach of the Kremlin as Yuri Felshtinsky, a Russian historian noted. London had gone from being a safe haven for Russian expatriates to being a most dangerous place for those in the Kremlin's sights.

Tarasov feared Putin, a man he had seen rise from a modest functionary, an assistant to the mayor of Saint Petersburg, to become one of the most powerful men on the planet. He saw him as a pure product of the Soviet system, a creation of Leonid Brezhnev's Russia. Putin, who had no education or experience in politics, based his rule on Soviet style dictates without any other vision than that unquestionable obedience, reinforced by agents of the state who shared his ideas.

Putin's vision was the restoration of a Greater Russia, summed up by Alexander III's not unreasonable conviction that 'Russia should belong to the Russian people'. Vladimir Putin was in fact a modern Emperor and Autocrat of All Russia consecrated by the Holy Synod, and his court, comprised of Russia's wealthiest and most powerful men, was part of the Sacred Guard - a state within a state.

<sup>1</sup>. Kremlin Rising: Vladimir Putin's Russia and the End of Revolution-Peter Baker, Susan Glasser

## CORRUPTION

As Kennedy watched the suburbs of Beijing roll by he was reminded of the high-speed train disaster that cost the lives of forty passengers. A humiliating loss of face for China's technology and state railway. The minister responsible, who had cut corners in the race to build a world beating system, was tried for corruption and during his trial it was revealed he had received a four percent commission on contracts which he used to keep eighteen mistresses.

It was no secret that corruption was endemic in China, where officials, great and small, used their position for graft, enriching their family businesses and building networks that reached into every corner of the economy.

Financial institutions including the Wu's own bank operated within a system that encouraged corruption. Every property and land development project was an opportunity for graft via state-owned banks which had been instrumentalised to promote growth at almost any cost regardless of the viability of the projects.

A very public example was Bo Xilai, the head of the Communist Party in Chongqing, a vast urban conglomeration of thirty million souls, where Bo's family had amassed a fortune of nearly three billion dollars. The former Politburo member and commerce minister was involved in the most sensational murder scandal in China's Communist Party's post-Mao history. Bo was sentenced him to life in prison for corruption and abuse of power after a dramatic trial and his assets seized.

Others high profile Communist Party members tried for corruption included Zhou Yongkang, former chief of domestic security and member of the Politburo, who was convicted of abuse of power, accepting bribes and revealing state secrets. He was sentenced to life in prison.

Similarities existed with Putin's system in Russia, where political opponents were tried for corruption in secret trials, avoiding the kind of scandal that occurred in China. Both countries had a long tradition of targeting enemies of the system, real and perceived, which dated back to the days of Mao and Stalin.

Xi Jinping, General Secretary of the Communist Party of China, whose crackdown on corruption hit the China National Petroleum Corp. and other top state owned companies, had vowed to hunt down tigers as well as flies in his drive to rid the Party of corruption, was himself accused of accumulating a vast fortune via his extended family through the property and industrial empire they controlled.

The existence of a web of princelings, descendants of prominent and influential senior communist officials, at the heart of the ruling clique ensured the continuation of the system, was a fact commonly known by the man in the street in China, who was anything but naive. More than ninety percent of the population believed that political corruption lay at the source of the richest Chinese families' wealth, such was the case of Wen Jiabao, a former Prime Minister, exposed by investigative journalists, who disclosed his extended family had accumulated a fortune estimated at nearly three billion dollars.

## SAIGON

As Beijing looked to its frontiers, Chinese businessmen, especially those in the south turned their eyes to new labour sources. Vietnam bordered China's southern provinces of Yunnan and Guanxi, a one hour flight from Hong Kong or Canton to Hanoi. It offered a cheap educated labour force and access to ASEAN, an association of nine South-East Asian nations with a combined population of over six hundred million.

As INI's Chinese investors set up manufacturing plants in and around Vietnam's coastal cities Kennedy set out with John Francis to discover the attractions of the country as an investment centre.

Francis, who had visited Vietnam on many occasions, had chosen Ho Chi Minh Ville, or Saigon, the country's economic capital to start their visit. There from the roof top of the Caravelle Hotel he pointed out the main landmarks of the vast conurbation, a modern city of eight million, to Kennedy.

He was astonished at the city's speed of change. With each passing visit it seemed to grow before his eyes, an almost unbelievable transformation from the French colonial city he had once known and which before the war had been described as the Pearl of the Orient, and it was: a garden city and a port onto the South China Sea.

Francis could not help seeing the goods produced by its factories as another onrushing tsunami soon to flood Europe. The country's population was going on one hundred million, with its workers aspirated by the new production lines being built across the country.

The casual tourist only saw workshops producing lacquer ware, silk scarves, conical hats and cultured pearls, but behind that charming façade were countless new manufacturing plants pouring out an endless stream of



electronics and consumer goods, situated in new industrial zones, owned by Chinese, Japanese, Taiwanese and American firms.

From their vantage point at the roof top bar of the Caravelle, in the heart of down-town Saigon, they could see the city extending along the banks of Mekong to the east and Cholon to the south. Francis felt his throat tighten as the force that emanated from the vast heaving city rose up before him.

His first visit to the Caravelle went back more than three decades and though it had not been so grand it had been one of the city's landmarks. During the latter days of French Indochina and during the Vietnamese war it had been a favourite haunt of foreign journalists.

The iconic hotel was no longer recognisable, dwarfed by a new rose coloured tower. It was a mere appendage on the flank of a shiny thirty storey glass and marble edifice that resembled so many hotels across the world, and more especially those of Asia.

The first time Francis touched down in Saigon, newly re-baptised Ho Chin Minh Ville by the Communist government in Hanoi, it was under the control of the conquering People's Army of Vietnam, until recently, at the time, known as the North Vietnamese Army. It was not long after the humiliating debacle of 1975, which saw the American backed South Vietnam, or Republic of Vietnam, government overrun by the Communist forces.

The first images that flashed by as the Air France 747 touched down remained fixed in his mind forever: a vast and astonishing parking lot overflowing with countless numbers of abandoned American helicopters, fighter jets, reconnaissance and transport aircraft of every possible description, all packed tightly together, as far as the eye could see.

He had arrived on one of the first postwar flights from Paris and had checked into the then run down Caravelle, renamed Independence Hotel. It was a remarkable moment, he was the sole client in the desolate establishment. Late into his first night in Ho Chi Min Ville, no longer the capital of Vietnam, he was awoken by the cries of the conquering soldiers of the Vietnam People's Army, the smashing of glass and overturning of table, as they quit the street level terrace, refusing to pay for their food and drinks, insulting the staff and treating them as capitalist lackeys.

Since that remarkable visit, Francis had witnessed the changes that had taken place over the intervening forty odd years, as the city was transformed into a pulsating capitalist metropolis, where millionaires were made overnight, where the homeless huddled in shop doorways after eking

out their miserable existence scrummaging through the garbage piles heaped up outside the city's bustling markets.

The Vietnamese Communist Party had portrayed the South's liberation as a victory: reality was different, their victory was Pyrrhic, and the newly unified nation faced long years of hardship. A decade and a half later the proverbial dominoes started to fall, but not those of capitalism! First the DDR, then Moscow, Beijing, Hanoi, Havana and the rest of the Communist camp fell as capitalism and globalisation triumphed.

Hanoi, after more than two decades of trying to impose Marxist economic policies, slowly realized the path traced by Deng Xiaoping was the only possible route to prosperity, that is to say via a market economy, the only means of fulfilling the needs and aspirations of Vietnam's burgeoning population.

They visited the Museum of Remembrance where Pat Kennedy was marked by the military aircraft parked in the museum's forecourt: triste souvenirs of war. But the sparkling new Pepsi-Cola vending machine standing a few steps from a Chinook gunship told another story. On the one hand the United States had abandoned a war that had cost too many American lives, and on the other the Communism and its adherent nations had been bled dry in the long confrontation against what they described as Western imperialism.

Francis could not help thinking the arrival of one nearly hundred million Vietnamese to the consumer society would surely be at the expense of the West. Was there a solution? It was a philosophical question, a subject for future historians to study. In sort it was not his problem. His was to guide Pat Kennedy, and more precisely Michael Fitzwilliams, through the dangerous shoals of capitalism in order to ensure the continued success of the INI Banking Corporation.

## RUSSIA'S FAR EAST

It was not only China's southern neighbours who were worried by Beijing's expansionist policies in the South China Sea. To the north, from its vast Far Eastern Federal District, the Kremlin cast a wary eye on each new territorial claim made by the Middle Kingdom, fearing it would one day turn its attention to north.

"Russia's remote Far East is slowly and inexorably being colonised by Chinese immigrants," Francis informed INI's managers at one of the

bank's regular internal seminars, held to review changing economic perspectives and the effect of geopolitics on their business objectives. "One day, sooner than later, population, economic pressures and political ambitions will surely result in an overflow into those huge almost empty regions."

The district, from Pavlovich in the Sakha Republic, to the Sea of Okhotsk and the Pacific in the east and the East Siberian Sea to the north, represented one third of all Russia's territory, with a population, barely six million, a mere five percent of Russia's total population.

"The Russian Far East was once known as Outer Manchuria. It was first reached by Russians explorers in the mid 17th century, whilst we, that is to say Western Europeans, colonised the world by sea," Francis told his audience. "The czars expanded their empire eastwards, leading to a long series of conflicts between Russia and the wary Middle Kingdom. In the eighteenth century Russian explorers continued on to what is now Alaska, where they came face to face with the British in Canada."

"I believe there's a lot of Chinese in Vladivostok today," said Liam Clancy, the junior of the group.

"A good point Liam. In 1860 Alexander II founded Vladivostok and as it expanded fifty thousand Chinese flocked into a small district of the city known as the Millionka. It was a labyrinth of alleys, about the size of a couple of city blocks, filled with opium dens, brothels and gambling halls, all under the control of Chinese triads."

Francis explained how Stalin, in 1937, viewed the Asian population of Vladivostok as a menace, and the Chinese, along with many other non-Russian immigrants, were deported. For the next half a century only Soviet citizens of mainly ethnic Russian origin, that is Russian speaking Europeans, lived in Vladivostok. Then, in 1992, following the dissolution of the Soviet Union the Chinese returned and the city quickly became the home to Russia's largest Chinese population, second only to that of Moscow.

"Today we're looking at a dramatic turning point in Moscow's historic ambitions. Young ethnic Russian are heading west, their numbers in the Far East have fallen by twenty percent, and the vacuum is being filled by East Asians.

"Vladimir Putin's ambitious resettlement programme has failed miserably. Moscow had planned to attract eighteen million Russians to the Primorye Region, of which Vladivostok was the capital, but since the programme

was launched only a few thousand have migrated eastwards, in fact many more have moved in the opposite direction, to the lights of Moscow and Saint Petersburg. We only have to look at official Russian statistics to see the population of Primorye is shrinking by fifteen thousand a year.

“In contrast, over one hundred million people live in the three Northeast provinces of China, while the population of the Russian Far Eastern Federal District, over six million square kilometres, has fallen to a bare fraction of that.

“It’s the story of modern Russia, declining population and declining perspectives, which probably goes a long way to explain Putin’s interest in annexing the Ukraine with its forty million souls,” concluded Francis sadly. “A paradoxical situation given Vladimir Putin’s recent overture to China. Russians look west and Putin points to the east.

“It’s as inexplicable as Putin himself, a democratically elected autocratic. In contrast to most Western leaders he’s loved by most of his compatriots, he’s a proud patriot, who, despite its cost, puts his vision of Russia before all other considerations.”

“Unlike our lame duck leaders ... Cameron and the like,” commented Tom Barton sadly, “prepared to sell their country’s values down the road for their own electoral ambitions and their sorry ideas of the politically correct.”

## FUND RAISING

Kennedy was revelling in it, surrounded by oligarchs and their bejewelled wives and mistresses. He was seated at Sergei Tarasov’s twenty thousand dollar table at the Conservative Party spring fund raising dinner, a special event situated somewhere between the black tie ball and summer party, held to raise campaign funds to fight the coming general election.

The guests at the Old Billingsgate Market, including the men from INI, were all together, worth many billions.

One of the evenings attractions was the auctioning of a bronze bust. At first Tom Barton was puzzled; the bust was a likeness of who? It was rumoured to have been sculpted by an eminent Harley Street plastic surgeon. Barton was not impressed by the effort and jokingly whispering to Kennedy, “I hope he does a better job on his patients.”

Then the penny finally dropped, Barton realised the hilarious effort was a

likeness of the star of the evening himself: David Cameron, who finally appeared, loudly applauded, followed by other distinguished guests.

With the burst of exceptionally warm weather and positive opinion polls, the Conservative leader was looking relaxed: tieless, in a navy blue suit, with Samantha at his side wearing a dress designed by a modish Serbian fashion designer. Taking the cue from their leader, the male guests offed their ties. The ladies, discretely alerted by the Prime Minister's communications staff, were mostly wearing stylish, but unostentatious dresses, which would not have gone down well on tabloid readers who would soon be going to the polls. That was of course with the exception of one or two Russian wives, or mistresses, present, who wouldn't have felt dressed without a layer of ??????: a bling dress, tottering sky high heels, and adorned with a mine of diamonds, looking as though they had stepped out of a paparazzi Marbella nightclub shoot.

To the acclamations of the guests, Sergei Tarasov acquired the bust for an eye watering one hundred thousand dollars. Pat, present with a dozen other convives at the Russian's table, jokingly remarked to his neighbour, Steve Howard: "He could give it to Putin as a birthday present."

Howard laughed.

"Seriously, it would've been better to donate the whole fuckin cost of the evening to some worthy cause, it's a bit of a bloody farce with all this arse licking."

"No Pat, it's electioneering. Politics."

"It's beyond me."

Tarasov was intelligent enough not to keep the bronze, diplomatically offering the object to the Carlton Club, the bastion of the Conservative party, where it was, they later learned, relegated to a quiet corner of the lower ground floor library, amongst dusty copies of parliamentary debates and the Hansard, pending the result of the spring general election.

Sergei was rewarded by a very relieved Prime Minister with a warm manly hug to the enthusiastic cheers of the guests. The Russian banker, an experienced exponent on the importance of friends and relations in high places, had become a regular figure at such evenings.

The fund raising event was part of the Conservative Party's plan to top up its treasure chest for the election, less than a year away. For the rich and powerful businessmen present, many of whom were City bankers like Tarasov and Michael Fitzwilliams, the idea of a Labour win would spell disaster.

On their arrival Prime Minister and his wife had been ushered into private cocktail offered by Ronald Gould, the property magnate, owner of the Gould Tower, which housed the headquarters of the INI Banking Corporation. Gathered together were Fitzwilliams, Tarasov and a handful of VIP guests who had paid for privilege of a moment of before dinner bonhomie with the Prime Minister.

Lord Carneigham, a member of the Cabinet, an Old Etonian, an intimate of the Prime Minister and one of the Conservative Party's leading fund raisers, was a long-time friend of Fitzwilliams, and had, following a hefty contribution, had ensured the Russian's presence. Fitzwilliams had informed Carneigham the Prime Minister could count on Tarasov's support in the on going discussions with Moscow relating to the cease fire between the Russian backed rebels and Ukrainian forces in the Donetsk region.

Tarasov reassured the Prime Minister, informing him of Vladimir Putin's good intentions in the Ukrainian crisis, as intense behind the scenes negotiations continued. To his mind it was in the Russian's best interest that the conflict be de-escalated as quickly as possible.

On the Prime Minister's side, was the fear of a larger conflict in the Ukraine, and worse the prospect a direct confrontation with Moscow in the Baltic if things really soured, which Britain could not afford economically or militarily. Cameron's government, like that of Labour before him, had cut defence spending to the quick and a European skirmish would have disastrous consequences.

## LONDON

The changes in London had been no less than phenomenal and few noticed it more than a returning expat, which James Blake was. He had lived in Miami for seven years, where he was responsible for the development of legal and financial services for Guthrie Plimpton's Caribbean real estate division.

His hurried return was provoked by the sudden decline of his father's health. The old man had been hospitalised at St Georges Hospital in Tooting, South London, after a malaise while visiting his brother in Wimbledon.

On arrival at his parent's home in Camden, Blake was reassured with the news his father was out of danger. Relieved he grabbed a cab and was soon crossing the Thames heading south to Tooting. Arriving from the from the

Sunshine State, London seemed damp and dismal with the late morning traffic in a stop-start, bumper to bumper snarl.

Blake had always tried to avoid the ‘this is why I left’ feeling, though the challenge of finding the England he held in his mind’s eye had become confusing. Leaving England had opened his eyes and made him realize he had been fed and conditioned with a wrong image of the world ‘over there’.

This time, however, he felt something had changed, as the taxi made its way across what was London’s heart: Westminster, the West End and the City, he discovered a certain dynamism. Then after crossing London Bridge and past the Shard, the traffic inched forward at a snail’s pace and urban landscape was not very different to that he remembered.

The driver reluctantly informed him it would take three quarters of an hour or more to reach the hospital and James, not familiar with South London, resigned himself to the wait. There was nothing to do but relax and watch Londoners going about their daily business.

Since he had left seven years earlier nothing much had changed. He was used to the ethnic mix of inner London districts. He shut his eyes as the taxi picked up a little speed and seemed to make better headway.

Fifteen or twenty minutes later he woke-up with a start, glanced at his watch, then outside. The traffic had come to a halt somewhere in South London where the roads seemed cramped and ancient compared to the wide streets of Miami and more complicated than ever: a labyrinth of bus lanes, cycle paths, traffic lights, pedestrian crossings and filled with buses, cars, delivery vans, trams; the list of obstacles and reasons to stop seemed endless.

His eyes slowly settled on the crowded pavement. At first he was not surprised by their sartorial preferences, but after some minutes he realised there were almost no grass root Brits at all, he was surprised and his surprise soon transformed into astonishment.

Had he been so isolated, detached, cut-off from what was evidently a mind-boggling transformation? It was not as if he didn’t return to London relatively frequently. Where had the burqas, hijabs, saris, lehenga, salwar kameez, waistcoat and Punjabi suits and all the rest suddenly come from? The shops vaunted halal food, spices, curries and kebabs. Amongst the restaurant names were Lahore Kebab House, Jay Kishna, Star of Bombay, Thousand and One Nights, Tamarind, West Indian Bakery, and Spice Village.

Each time James Blake returned to London from Miami or some

Caribbean country, he was confronted by the contradictions that the global city offered. The first was Heathrow Airport, which compared to Miami, Hong Kong, Singapore, Dubai or even Madrid, was an astonishing example of British piecemeal planning, a never-to-be-finished hodgepodge of buildings, an encyclopedia of seventy years of architectural experimentation, an incarnation that symbolized the meandering of three generations of civil aviation planners, all of whom had been evidently influenced by the powers that be, all of whom wanted to put their individual mark on each new edifice with a political message, which would not necessarily be lasting in style and utility over the structure's life, falling into functional tawdriness and material fatigue as the years past.

The City, the West End and Central London, along with Westminster, Chelsea, Kensington, Knightsbridge, were dynamic and modern. But once beyond these stylish global city districts, the capital was changing at an alarming rate, and beyond all recognition. In districts such as the Harrow Road area or Tooting, the change was extraordinary, to the point that arriving in Swiss Cottage or Cheam, it was almost a shock to discover upper middle class suburbia had after all survived, but for how long, Blake asked himself.

The black-cab taxi driver informed Blake he was a Londoner, but had moved out to Letchworth, thirty five miles from the city centre. He had done what more than half a million Londoners had done over the previous decade, escaping what he called creeping colonisation, to live in a world that he recognised as English. The vacuum left by the migration of grass root Brits from whole swathes of Inner London was immediately filled by a never ending flow of newly arrived immigrants.

Blake remembered a trip to the British Museum with his father the previous spring, a visit to an exhibition: The Treasures of Pompeii, where he bought a pocket book entitled Pompeii, written by Mary Beard, a Cambridge classicist. On his flight back to Miami, he learned that more than two thousand years before, Pompeii and Southern Italy had been subject to successive waves of immigration, when new populations were absorbed by the old, or replaced the old.

When the Roman Sulla took control of the city in 89BC, he peopled it with his legionnaires, a move that did not entirely suit Pompeii's Oscan speaking inhabitants. Many decades passed before the city became entirely Romanized. London's parallel with Pompeii was striking, it was going through the same process. Blake, who did not necessarily agree with the



changes, remembered the words of Strabo: ‘Oscans used to occupy Pompeii, then Etruscans and Pelasgians ... after that it was the Samnites. But they too were ejected.’

## WARNINGS

“Did you see O’Reilly has been declared insolvent?” exclaimed Kennedy.

“Yes, let it be a warning to you Pat. Sooner or later fate catches up with people, especially when their ambitions become too overreaching.”

“I hope your not inferring any reference to me Fitz.”

“I’d never do that Pat, though I’m keeping a sharp eye on what’s happening with your impulsive friend Putin.”

“He’s not my friend,” Kennedy protested.

“Oh, I thought he and you were thick together.”

“He’s Sergei’s friend,” Kennedy muttered sulkily. “What’s more Sergei’s done well from it ... and we too.”

“I hope it stays that way, as for O’Reilly it’s a pity, a nice chap, he was our first billionaire.”

It was a sad day for Ireland when Sir Anthony O’Reilly, the first Irishman to reach high executive power in the US business world, as CEO and chairman of the H.J.Heinz Company, was declared insolvent in a Bahamas court and ordered to sell his assets to repay creditors almost three hundred million dollars.

“The feekin Allied Irish amongst them.”

“Those lunatics should have never been entrusted with good peoples’ money.”

“I met O’Reilly in the Caribbean, it’s a pity he backed the wrong horses.”

“I remember the time when he was a role model,” said Kennedy as though he was nostalgic for the days when he was just another ambitious Irish lad back in Limerick City. A time when O’Reilly was Ireland’s super star.

“A role model? Let’s hope you don’t end up like him.”

“Well he was knighted, Sir Anthony O’Reilly,” replied Kennedy in a dig at Fitzwilliams’ own ambitions.

“He made a big mistake betting on Waterford Crystal, he lost hundreds of millions. Not forgetting his run in with Denis O’Brien.”

“He should have moved to Malta like O’Brien.”

“Poor Anthony, he’s seventy-eight now, a pity to end up like that. He was a great rugby player, played for Ireland against England in in 1955, before my time, twenty nine caps to his credit.”

“Did you see the Irish Times,” said Pat more cheerfully. “They quoted Enoch Powell who said: ‘all political lives, unless they are cut off in midstream at a happy juncture, end in failure, because that’s the nature of politics and of human affairs.’”

“Let’s hope that doesn’t happen to us Pat.”

Kennedy’s smile faded.

“Sir Anthony’s a resident of Lyford Cay in the Bahamas and has probably still got a few euros stacked away, I wouldn’t worry too much about him.”

Of course Pat thought.

“It’s a warning though. Let’s stick to what we know, banking.”

Pat concurred.

“The arrogance of officialdom should be tempered and controlled, and assistance to foreign lands should be curtailed, lest Rome fall,” quoted the CEO.

“Was that the new Italian prime minister?” asked Pat.

“No Marcus Tullius Cicero.”

“Finance minister?”

“Cicero the Younger.”

“The younger? You mean Matteo Renzi?”

“Forget it Pat.”

\*

Fitzwilliams waved the Bank of England Financial Policy Committee statement in the air. He was rattled by the growing news of nervousity in Chinese financial markets, which came just as geopolitical risks rose a notch with the intensification of the Ukrainian crisis.

“I don’t like this at all,” he said addressing Kennedy with a side glance towards Francis.

“I can’t deny there are some problems out there Michael,” said Kennedy. The CEO was in a foul mood, which seemed to be becoming a frequent event. “It’s not as bad as it looks. The Chinese have one hundred trillion in bank deposits and their banks’ earnings are very solid, nearly three hundred billion last year ... not bad by any standard<sup>1</sup>.”

Fitzwilliams glowered “That’s a lot of trillions Pat.”

Kennedy, about to open his mouth, then thought better of it.

“Are they American dollars, Hong Kong dollars or Renminbi?”

Fitzwilliams had changed, aggressive, unpredictable, making Kennedy wonder what had happened to the warm relationship they had always enjoyed.

<sup>1</sup>. quartz.com

\*

“Balance is what it all about Michael,” Pat had told Fitzwilliams in November. The CEO looked at him sourly as he fretted about Russia and the prospects of China’s economy being dragged under by its shadow banking system.

“If Russia is looking weak,” continued Kennedy cheerfully, “the UK is well on the mend, Europe has stabilized and China is working on its problems.”

“In a nutshell, so to speak Pat!”

“Yesh, you can’t win on them all Michael. That’s our strength ... our operations from the Atlantic to the Pacific.”

“It depends on the direction, right now I feel a little better if it was westwards.”

Pat looked nonplussed.

“The US Pat!”

“Well our branch in New York is doing well.”

“Small cheese. We’ve not really paid enough attention to the American turnaround .... Anyway, what’s the news from Hong Kong and Shanghai? I heard things are not looking so good.”

“Is that so Michael?”

Fitzwilliams said nothing. He was wondering if China was about to go belly-up; the third phase of the economic crisis that had stalked the world for nearly six years.

“Well the Brics are in a pretty shitty state,” snapped Fitzwilliams.

It was Kennedy’s turn to hold his tongue.

“Did you enjoy the New Year,” Fitzwilliams added drily.

At times he wondered if Kennedy’s focus on China was the result his wife’s influence. He would have liked to see him more concentrated on

Russia, though undeniably their Chinese operations were very profitable.

“Yesh Michael, very much.”

‘Well that’s good news!’

“Are you packed for Sochi?”

Kennedy said nothing.

“I’ve told Sergei you’ll be standing in for me.”

Pat absorbed the news silently before deciding it wasn’t such a bad thing. Michael was too conventional, besides he didn’t speak a word of Russian.

“Well if that’s what you want Michael.”

“I’ll be tied up in a treasury meeting and our Canadian friend, at the Bank of England, wants a briefing on our overseas activities.”

“There’s a problem?”

“Not for the moment.”

“Good, at least we’re better off than the silly feekers in Dublin today.”

“In Dublin,” said Fitzwilliams, obviously caught off balance.

“The trial.”

“Oh yes, Anglo Irish.’

“Well at least we’re not in the box with them.”

“Why should we?”

“Well it was touch and go at that time.”

Fitzwilliams said nothing. It was true. Anything could have happened in 2008 and it was Kennedy’s diversification into Europe that saved them.

\*

That day, as Dublin was hit by yet another wave of extreme winter weather, the trial of three ex-bankers took place in a packed court. They were accused in what was described as the gravest financial misconduct case ever tried by an Irish court. It involved a series of fraudulent loans totalling nearly five hundred million euros.

The atmosphere was tense as the prosecution’s charges were read to the court, after which the former head of the defunct Anglo Irish Bank, Sean FitzPatrick, faced his judges and pleaded not guilty. On one side sat the accused, opposite were the jurors who would decide his fate.

Kennedy, though he was not present, would have been familiar with the process: by a strange coincidence he had sat before the judges in the same court room almost a decade and a half earlier on charges of conspiracy to defraud the very same bank.

## A WRITER

O'Connelly as a writer and journalist, was extremely pessimist when it came to Russia. Putin seemed to be going down a one-way street: his latest insult to the West was to have invited North Korea's Kim Il-sung to Moscow for celebrations to mark the seventieth anniversary of the victory over the Nazis. It was so absurd as to be almost unbelievable; inviting the hereditary dictator of an outlaw state to celebrate the victory over a criminal state ... by another tyrant, Joseph Stalin. It was an insult to the millions of Russians who sacrificed their lives in the Great Patriotic War. Even Khrushchev had denounced Stalin for the cult of personality he had engendered and the crimes he had perpetrated.

It was bad enough when Kim Il-sung, a terrifying comic dictator whose benighted people believed their God-like leader neither urinated nor defecated, threatened his neighbours with nuclear destruction, but when Russia threatened to target Denmark with its atomic missiles the world had definitely gone crazy. Perhaps it was just posturing or bluster, a throwback to the Soviet Union, especially during its last desolate years when it was evident the Cold War had been lost and their empire was crumbling around them.

O'Connelly smiled when he remembered a Russian TV news report with pictures of lines outside Parisian bakers on Sunday mornings entitled 'Bread shortages in Paris'. If it helped Muscovites reconcile themselves with the then desperate state of their country, why not.

Traditionally, the French invited their families for lunch on Sundays and pastries were always a favourite on the desert menu. As Russians queued for bread, Parisians queued for pastries, it was as if the words attributed to Marie Antoinette were as fitting as ever.

The six and a half hour Are Lingus flight to New York was scheduled to arrive at JFK International at two thirty, which meant O'Connelly would be in town about four; giving him time to check-in to his hotel and freshen up for dinner with Jason Hertzfeld.

He peered from the window of the business class cabin hoping the clouds would clear over the west coast of Ireland. He was in luck, suddenly green patches started to appear, then came a weak silver flash reflecting the watery sun on the Shannon. He scanned the countryside laid out like a patchwork quilt for the airport, which had once a refuelling point for

Aeroflot on its regular run to Cuba from Moscow; when Nikita Khrushchev sent his men to build missile bases there; and later Leonid Brezhnev's soldiers, when the Cold War got several degrees hotter with proxy wars in Vietnam, Angola and Central America.

Shannon Airport had marked the history of transatlantic aviation. Many celebrities had made a refuelling stop in Shannon: presidents, politicians, film stars, writers and even El Lider Maximo: Fidel Castro. Many of them dined in the Lindbergh Restaurant, where they no doubt shared their tales of adventure in the skies.

In 1919, Alcock and Brown crash landed in a bog after having set out to cross the Atlantic from Gander in Newfoundland in a Vickers Vimy. They were greeted with words: 'Welcome boys. Where to, and where from?' announcing their landing in Ireland, not England!

In 1937, the Transatlantic Flying Service opened the first transoceanic passenger line, with a whole series of refueling stops, one of which was on the banks of the Shannon at Foynes. It was there Irish Coffee was invented when an enterprising local publican softened the coarse gustatory sensation of Irish whisky for the ladies with a dash of coffee, cream and sugar, making it an instant hit in fashionable London and New York salons.

O'Connelly dozed half thinking of Colombia, a country he had never visited, and conjuring up scenes for his next book. He was invited as a guest writer at the Hay Festival, thanks to Hertzfeld's tireless promotion, with the writers' books translated into Spanish and Portuguese, distributed in an ever growing number of Latin American countries.

O'Connelly was grateful, though he found himself on the road with an increasing frequency and under a relentless pressure to produce. His smart phone had become an indispensable tool, one he could use literally anywhere and with which he not only made notes, but found himself using it more and more for actually writing, storing his texts on Google Drive, communicating with his other devices and correcting his drafts for grammar, spelling and factual details such as dates, places, names and events, recent or historical.

So much had changed since James Joyce completed *Ulysses* and *Finnegans Wake* in his own hand. Nearly half a century after Joyce's death, when O'Connelly had first commenced his efforts as a budding writer, he had frequently destroyed his notes and early drafts, imagining that others, if they came across his multiple corrections, side notes, erasures, scribbles, grammar and spelling errors, would see him as a poor amateur or even

worse a semi-illiterate.

It was only when, many years later, he came across a collection of manuscripts written by Jean Cocteau, exhibited in a Left Bank bookshop, near Saint-Sulpice in Paris, did he realise many a writer's manuscripts were an almost indecipherable maze of what seemed at times delirious outflowings of their imaginations. Some time later at a Sotheby's auction preview of letters and manuscripts of famous authors he discovered many manuscripts were chaotic, others near perfection. Some talented writers others had personally corrected and rewritten their works; many others depended on their publishers' correctors, readers, assistants and typesetters to put order into their meanderings.

This discovery was confirmed once and for all when the manuscripts and notes of James Joyce were made available to the public by the Irish National Library in 2004, when a new exhibition centre was opened on Kildare Street in Dublin. The inaugural theme was centred on James Joyce and his celebrated work *Ulysses* with many of the great man's manuscripts on display.

From that moment O'Connelly never looked back. The art of writing, that is to say putting a story on paper, or some other support, was not an exercise in style or a manifestation of grammar skills. It was the telling of a story. Naturally it had to be readable, capable of stirring the emotions of the average reader. But it was the story that counted. Joyce had experimented in style, which meant that many readers past and present found certain of his works difficult to read. However, Joyce believed the ideas he put on paper were inseparable from the manner in which they were written. He was a Modernist and his styles included experimentation with structure, dialogue and characterization: interesting for certain, but lost on less appreciative readers.

O'Connelly, as a writer, was unconcerned by such considerations. In Joyce's time the literary world was narrow, for the few, it was a world of experimentation, where most mainstream publishers were dedicated to what they determined was good literature, that is for the educated classes, where commercial values were seen as vulgar, a concept reserved for paperbacks, for the common man, the masses, most of whom had no access to good modern literature, for them it was the style of Micky Spillane, which was judged as cheap, lurid, fiction. Paradoxically Spillane was admired by Ayn Rand and recompensed late in his life with an Edgar Allan Poe Grand Master Award.

Hertzfeld was all business, and Bernsteins, of which he was a partner, even more so. That did not worry O’Connelly, who saw posterity as no further than the pleasure of seeing his next book on the New York Times best sellers list.

## THE BUND – SHANGHAI

The speeches had ended and the cocktail reception slowly winding down when two young bankers ducked out of the Peace Hotel to the Shanghai Bund. The day had been long and boring as a succession of bankers, financiers and ministers droned on about investment, growth, currencies and banking technicalities in general.

Seth Elis led the way across Nanjing East Road to Zhongshan East, otherwise know as The Bund. There he pointed to a building, which with its Ionic pillars, architrave, frieze and cornice, resembled an impressive early twentieth century bank. It was the former Chartered Bank of India, Australia and China, built in 1923. Since then a lot of water had flown under the Waibaidu Bridge and the staid looking edifice had been transformed into Bund18, a very trendy, very upmarket, shopping emporium where its customers could enjoy a nice cup of tea in the Joël Robuchon salon de thé, or a meal at the Bund Hakkasan, or the French chef’s restaurant, after browsing in the luxury boutiques that included Cartier, and all the rest of bling, which was not the priority of the two young bankers. Instead they headed for the seventh floor where the Bar Rouge was situated.

As the night was still young with few party-goers in the fashionable discotheque and bar, they opted for the rooftop terrace where they ordered drinks and enjoyed the spectacular view across the Huangpu River to Pudong and its gaudy skyline.

Elis was a young up-and-coming investment analyst at the Blackstone Group, whose linguistic and relational talents had pointed him towards a career in international relations. He had been hired, more than a year before graduation, whilst still studying for his MBA at Wharton, during the investment house’s annual search for new talent.

Over drinks they exchanged career experience. Elis told Liam how he had been called to interviews by a frenzied pack of competing banking and investment house recruiters, often with little or no time to prepare himself for the interviews.



Clancy's background and business experience was far removed from Seth's, whose wealthy New York parents had ensured his place at the Wharton Business School, one of the oldest, and most expensive in the world. Wharton was classed fourth in the Forbes' list of leading business schools, where the average graduate's starting salary was one hundred and twenty five thousand dollars - which seemed to Clancy a mind blowing sum for a novice, whatever his diplomas, and on top of that was a twenty five thousand dollar signing on bonus.

Schools like Wharton or the London Business School had been so far removed from Liam's world that he had never even been aware of them. Such schools had become businesses, especially the latter, which to men like Francis was a profit making enterprise disguised as a seat of learning. Unlike Wharton, the London Business School was not exactly a venerable institution, rather a parvenu, founded in 1964, opening its doors when the socialist government came to power, led by the colourless Harold Wilson, a prime minister as uninspiring as a Soviet apparatchik, who as the last rays of sun faded on the disappearing rump of the once glorious British Empire, led his country down a road to devaluation and deindustrialisation.

The school's Marylebone campus was situated in a grand John Nash terrace, built in 1822, and described as ridiculously fantastic in Mogg's Visitors guide to London of 1844. Under this grandiloquent neoclassical façade it was inaugurated by Elizabeth II in 1970.

Its recently created extension in Dubai was evidence of its pursuit of money. Francis, as a leading professor of economic history at Trinity College Dublin, found the school's pretensions greatly exaggerated. It was nothing more than a modern emanation of the University of London, itself founded in 1836.

The creation of the school, he like to point out, coincided with the death of Winston Churchill, one of Britain's greatest ever figures, who, if he were still alive, would have despaired at the hollow men who succeeded him to lead his once great nation.

In short LBS was an imposter and an upstart compared to his own proud Alma mater, which was founded in 1592 by the first Elizabeth.

After graduating in business studies at Cornell University, Elis had spent two years as a junior investment banker with Morgan Stanley before following in his father's footsteps and completing a two year residential MBA programme at Wharton. Clancy on the other hand had no MBA, he had not even gone to university, entering investment banking by pure

chance during Ireland's spectacular boom years.

At precisely the same moment as Elis was applying himself at Wharton, all paid thanks to dad, upfront, a senior partner in one of Morgan Stanley's law firms, Liam found himself in a Dublin pub looking into a half empty glass of Guinness, unemployed, on the street so to speak, licking his wounds, another victim of the Irish banking debacle.

In 2010, when markets started to recover and Clancy was still struggling to make ends meet in his start-up as a financial consultant in Marbella, he was contacted by INI and hired on Pat Kennedy's recommendation. Kennedy, who besides preferring a home grown Irish lad, believed in hands on experience and innate talent rather than academic qualifications alone.

The London prime property market had started to accelerate and Clancy's experience as an ex-trader with the bank's Dublin unit, along with his hard earned knowledge gained through untangling the property problems of UK expatriates in Spain, as well as the incumbent financial and legal questions, seemed to him a good choice.

It was after midnight when the Bar Rouge finally started swinging. The two up-and-coming bankers quickly forgot their careers after latching onto a couple of attractive Chinese girls ... or was it the other way around?

## **Chapter 9**

### **A REFERENDUM**

Politicians in search of a quick solution to stave off defeat had often pointed to external demons to divert the discontent of their voters. Economists like Friedman had offered more novel solutions to hard pressed governments, such as monetizing debt ... helicopter money, as he put it.

In 2015, David Cameron, to ensure his re-election in the face of a growing numbers of discontented Britons, especially those on fixed incomes, had witlessly offered a scapegoat: Europe. And what better than a referendum on the UK's continued membership of the EU, where each and every adult could have his say by marking a cross on voting slip.

Ever accelerating changes were taking their toll in British society where ordinary Brits like Geof and Helene were seduced by Little Englander ideas, seeing Europe and Europeans as swindlers, thieves and villains. It never

occurred to them their own politicians were responsible, at least in part, or the fact that almost two million fellow Britons lived outside of the UK in EU countries.

On the one hand they rejected their fellow Europeans in favour of immigrants from the sub-continent or Africa, and on the other they railed against the islamisation of Britain. The two were of course incompatible.

It was in a sense a return to Victorian Britain, when 'rabies began at Calais', something confirmed by the 'Jungle', and where the Commonwealth appeared like tempting but fading mirage of Empire, leading many into believing it was a credible successor to Europe, offering a seemingly happy alternative to Balts and Bulgars.

Elizabeth II, God bless her, was not Victoria, and stirrings in that strange association called the Commonwealth, and elsewhere, including China, murmured revenge, pointing to England as a nation of imperialists and slave traders to whom they owed no favours.

Immigrants brought with them their own cultural identity, which Samuel R. Huntington described as an idea of self: a concept that was most meaningful to most people. It was not therefore surprising that the newcomers clung to the symbols of their cultural identity. Symbols that clashed with those of the host country; how could the new arrivals not reject their family, heritage and culture, in the same way Britons at home or abroad could not abandon theirs.

Francis agreed with the prediction of John Maynard Keynes, who said in his essay *Economic Possibilities for our Grandchildren*, that by 2030, thanks to technological advances, the working week would be reduced to fifteen hours as workers were replaced by machines. It corresponded with Francis' own vision of Cornucopia. What Francis found more problematic was Keynes' notion people would enjoy far more leisure as their material needs were satisfied.

Why? To his mind there were a number of reasons. In 1930, when Keynes wrote his essay, the world was a different and simpler place where leisure had a different meaning. In 2015, leisure was a business, and enjoying it cost money. The cost of a ticket for a football match, or a concert, was not within the reach of large segments of the population. The cost of a trip to Disney, or to Ocean World, could be counted in hundreds of dollars for a family. If a working week of fifteen hours in industry existed in developed countries, it would most certainly be for the few. For the rest, those in lower service jobs, it would be business as usual with at least forty hours a

week.

In 2015, money in the form of cash, plastic or credit, was still king, and work ensured its distribution. A world without work, where the people could enjoy the benefits of Cornucopia, had yet to be invented. As to the billions of poor knocking at the doors of rich nations, that was yet another problem.

The idea that all of humanity would benefit from a robotic revolution was very debatable. In the same way if human life could be extended to one or one hundred and fifty years, the advantages would be reserved for the rich and powerful. Workers in developed economies would ineluctably suffer as the labour pool grew and cost of production fell. The unemployed and unemployable would be assisted, but would they have access to Cornucopia?

Beyond the frontiers of affluent nations, the revolution would result in the fall of productive employment and the world would sink into dystopian chaos, with the unemployed and their families setting out on a perilous journey, in a desperate bid to reach Cornucopia, only to be met by trenches, moats and steel barriers.

Francis taught three waves of revolution had taken place in modern history: first was the Industrial Revolution that commenced in the Middle of the 18th century, with innovations like the steam engine and the spinning jenny; with the second, in the latter part of the 19th century, came mass industrialisation; followed by the third wave, the development of information technology in the second half of the 20th century.

With the start of the third millennium the fourth revolution was at hand: the age of robotics, not the humanoid form as imagined by early science fiction writers, but one that replaced human intelligence and in a multitude of physical forms; on land, sea and air; in homes, offices and factories; in schools, universities and hospitals, in agriculture, animal husbandry and the food supply chain, all at the service of humanity ... that is to say those fortunate enough to live in the developed or the nascent Cornucopian world.

Francis asked his students whether privileged nations would ring-fence themselves, building physical barriers, in the same way as European nations were building fences and setting up frontiers to keep out the tired, poor, huddled masses, yearning to breathe free, the wretched refuse of teeming foreign shores<sup>1</sup>. Abandoning them to their dysfunctional universe where wild ideologies converged in a Mad Max like mosaic of societies, which resembled those of the Middle Ages in the dark days that followed

the Pest.

Science fiction writers had not been wrong when they imagined humanity having to find another role; being a mindless consumer was never on the books, nor that of a Renaissance courtier: drinking, dancing and fornicating as warring princes plotted.

But what? In the age of discovery men had left home in search of riches and new worlds to conquer, but when they were rich and had all they wanted that urge faded. In 2015, few wanted to fight the savages at their gates; it was a task for sophisticated machines beyond a desolate no-mans-land.

Talk of productivity, the distribution of incomes and technology's impact on the labour share was patent nonsense in such a society, Francis explained, as for bargaining power the idea was absurd, how could you bargain with machines?

The great error of Keynes was he had imagined lifeless machines, controlled and operated by men. How could he have imagined machines possessing their own brains, which once they could think would condemn human labour to history.

The over-simplification of how machines thought: a simple binary process, was akin to reducing human brains to simply cells or electrical impulses. Francis remembered visiting a company in Finland with his friend Kalevi Kyyrönen, where a tree harvesting machine had been invented that walked on six legs rather than four wheels. Their design was initially based on the manner in which insects walked. But their inventors were stymied by a complex algorithm involving an insoluble series of calculations. Finally they discovered to their surprise a basic logic device solved the problem, in effect nature had provided the answer, modelling the way insects walked, a simple ready made solution for their marvellous machines.

Beyond this example of nature's way, technology had given way to a cognitive learning process which reasoned in the same way as did the human brain.

<sup>1</sup>. paraphrasing the sonnet written by Emma Lazarus in 1883 The New Colossus

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As Pat strained to see his old place across the Thames, beyond Albert and Chelsea bridges, he felt a deeper satisfaction than he would have perhaps

cared to admit with his Cheyne Walk home. That did not however prevent him from being drawn by the unknown and he envied Tom Barton's ability to drop everything and take off for South America.

More than four years had passed since Pat had crossed the river, to the left bank as he fancifully called the Cheyne Walk embankment, identifying the Thames with the Seine, though there were certainly no bohemian connotations in his living style.

His home was decorated with a mixture of exotic furnishings that included antique Chinese cabinets and vases intermingled with traditional Javanese hardwood furniture and martabans. The walls were hung with nineteenth and early twentieth century European works of art, including the original Gauguin prints he had bought in Paris, and some more recent modernist works. Pat felt like a man of means, a man of the world and Lili's presence confirmed this with her delicate oriental beauty, her fine hands and carefully manicured deep red fingernails, her ivory skin and red lips, contrasted by her lustrous jet black hair.

Pat loved Lili and their daughter and it troubled him to imagine them as a decoration, although he was immensely proud to be seen with Lili at his side.

As they were served breakfast by the housemaid, under the watchful eye of their housekeeper, Pat thumbed his way through the morning papers.

"Look at this Lili," he said pointing to an article in the Times. "They've discovered a lost city in Honduras."

"Hon...?"

"Hondulasa in Central America," said Pat proudly, having looked it up in Chinese before speaking to Lili.

"Oh. Hondulasi."

Lili's geography was not her strong point. She was very Chinese in this sense, beyond China few places existed other than London, New York or Paris. The rest was vague and as for South or Central America they were strange and distant places.

Pat read the article aloud. It's called Ciudad Blanca, they say the ruins are deep in the Honduras jungle. They're like the pre-Colombian cities in the Yucatan, built around plazas and pyramids, they think it belonged to a civilization that disappeared one or two thousand years ago.

Lili made an effort to listen, but she knew nothing of pre-Columbian history. She had long accepted Pat's fascination by the strange and exotic

and remembered how his eyes had gleamed with excitement when they had visited Xi'an with its warriors, and it was not the simple amazement of the casual tourist, it was something deeper.

"I think I should make a visit to Tom Barton."

"Really."

"Yes. We have interests in Panama, banking and shipping. We could go back to Hong Kong via New York."

"You go Pat, jungles are not my thing, besides I have a lot of things to look after here in London."

Lili had sensed the restlessness that had invaded Pat. It was part of his character, something she had felt the first time she had met him on the way to Canton. The pressure of the last weeks, not only the problems at the bank, but also the day to day constraints of conventional business needs, weighed on him. He needed to resource himself and would come back refreshed, full of new ideas, the kind that lacked in her family's vision of the world. It would also give her time to explore ideas for her plans to invest in a project she had been developing: a London fashion house founded by a Chinese designer Lulu Zhang which was beginning to make its mark on the international circuit.

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Legends dating back to the time of the Conquistadors told of a city in the Moskitia jungle of Honduras filled with fabulous treasure, the existence of which was first reported by Hernán Cortés to King Charles V of Spain in 1526.

The idea of were-jaguars sent Kennedy's mind into a flurry of wild imaginings. Hong Kong and China had become everyday, business had become a routine of meetings, crises, and even more meetings to overcome more crises. At heart he was an adventurer and the creeping boredom that had often dogged his existence was catching up with him again. He had achieved more than he had ever expected, and his marriage to Lili and his wonderful daughter were the centre of his life, but it was time to take a break, explore something new, and the idea of Colombia and Central America suddenly reached out to him like an irresistible temptation.

The very thought of a lost city deep in the jungle of Honduras with to boot a cache of ancient treasures in the form of gold jewellery, statuary and pottery filled him with excitement. A city that had lain untouched for centuries, its very existence unsuspected by archaeologists, an unknown civilisation, untouched by looters.

The city lay in a remote valley in La Moskitia, a vast area of swamps, rivers and mountains in one of the few last regions on the planet to be scientifically explored by man.

Since his school days in a damp, cold, windy, corner of Limerick City, isolated from the world on the west coast of Ireland, Pat had been fascinated by stories of explorers in South American jungles. He had once won a prize at school: a book, *The Fawcett Expedition*, which had fired his imagination and in which he could escape the dreaded Jesuits who had educated their cares by force of the stick.

Other expeditions like that of Theodore Morde's had explored South and Central American jungles in search of Eldorado and lost civilisations in the 1920s. Some like Fawcett's never returned. Morde did however return from La Moskitia loaded with pre-Colombian artefacts and stories of a monkey god. Tragically Morde committed suicide taking the secret of the lost city to his grave.

Archaeologists believed that many lost cities were hidden in the dense primeval rain forests of La Moskitia, part of a lost civilization comparable to that of the Mayans, undisturbed for centuries.

## PUTIN

Michael Fitzwilliams was upset for two reasons: firstly Vladimir Putin had not disappeared, and secondly, not only was he back, but he was rattling his sabre again. In a menacing show of force he had launched a series of full scale military manoeuvres in the Arctic. Nearly forty thousand men, fifty ships, and more than one hundred aircraft were mobilised for the exercise.

Putin had resurfaced after a rumour-filled absence of eleven days looking as rumbustious and bellicose as ever. The previous evening Russian TV had presented a documentary, entitled *Homeward Bound*, during which Putin said he had been ready to put its nuclear weapons on alert during the Crimean crisis.

If this was true, not mere bluster, then this man was truly dangerous, Fitzwilliams bitterly told himself, cursing the day he had blindly walked into his banking arrangement with Sergei Tarasov.

After all it was not as though Russia had been threatened by a small and enfeebled Ukraine, which had been coaxed into surrendering its Soviet era nuclear arsenal in 1994. Putin justified the annexation of Crimea by



declaring it was historically Russian and its population Russians, which was why the West was in no mood to start a world war over the issue.

The idea that a world leader could even think in terms of world war shocked Fitzwilliams; Russia was not North Korea and Putin not Kim Jong-un, he hoped.

Fitzwilliams feared Putin was veering towards a Stalinian type of autocratic rule. It seemed to him a leader that paraded himself half naked in the Siberian wilderness had some serious identity problems, a man who had told David Frost after his election: Russia is part of the European culture. And I cannot imagine my own country in isolation from Europe and what we often call the civilized world. So it is hard for me to visualize it as an enemy.

Times had changed.

Putin justified his position by accusing the West of systematically, making decisions behind his back, placing them before a *fait accompli*, and especially NATO's expansion eastwards with the deployment of military forces at their borders. Which Fitzwilliams, being a reasonable man, had to admit was true and did not augur well for his bank's future.

## A QUIRK OF FATE

The mere thought of being part of City & Colonial was an idea totally abhorrent to the independent minded Barton. It was almost seven years since he had first met Michael Fitzwilliams, he had remembered it well, on the Island of Santorini in the Aegean, where the banker had been invited, amongst a group of hand-picked guests, by Sergei Tarasov for his birthday party.

Some months later, by a quirk of fate, Barton had found himself seated next to Fitzwilliams on a flight from Miami to Pointe-à-Pitre on the French island Guadeloupe. Both had been headed for the Commonwealth of Dominica<sup>1</sup>, or Dominica for short, for which there were no direct flights. The banker had delighted to meet him again and offered him a ride on his private charter to Canefield in Dominica, a twenty minutes flight to the south. It was the start of their friendship and Barton's role as advisor to the banker.

Later Tom Barton, as a successful private investor, managed a number of hedge funds specialised in property and other assets for and in

collaboration with the bank.

The speed and manner in which Fitzwilliams had been eschewed of his position at the head of INI had shocked Barton profoundly, reminding him why he himself had abruptly quit the City of London seven years earlier.

City & Colonial was a monster and many had advocated its dismemberment, but as one of the world's largest banks with its headquarters in the heart of the City, it was emblematic of the London's role as one of the world's leading financial centres. For the Tories it was a matter of British pride, but beyond that powerful backers of both the Conservative and Labour parties held interests in the bank and accounts at its offshore branches.

In a flurry of accusations and counter-accusations concerning offshore accounts managed by City & Colonial entities for party grandees, Cameron had ranted: For thirteen years they, meaning Labour, sat in the Treasury, and did nothing about tax transparency, nothing about tax dodging, nothing about tax avoidance.

It was a blatant case of the pot calling the kettle black and clearly the British establishment was not about to kill their golden goose which had been so obliging to them and their friends, as well as thousands of other wealthy Brits, by helping them to dodge the taxman.

As for Barton himself he was a non-dom. His declared place of residence was Dominica in the Caribbean; the small island situated to the south of French Guadeloupe. He held a Dominican passport and owned a villa on the island at the Emerald Pool, a luxury residential development that had been promoted by Malcolm Smeaton and financed by Fitzwilliams' Caribbean bank, which fortuitously had not fallen into the grabbing hands of City & Colonial.

INI's debacle had left Barton profoundly disgusted with politics and banking, which in spite of that had not prevented him from becoming a very rich man. Besides the fabulous income from his property fund he had garnered profits of between one hundred and two hundred percent on the American stock market over the previous five years and his personal property investments had racked up huge gains.

In a certain manner he had simply proved that the rich always got richer. All it required was being rich to start with, preferably being born rich. The alternative was being extraordinarily lucky, and luck had played an important role in his success. All that talk about hard word was pure nonsense, he had observed building workers and fishermen from Asia to

the Caribbean toiling under atrocious conditions for slave wages and no other future than poverty, old age and death.

Men such as Bill Gates, Mark Zuckerberg, Sergei Tarasov, or more modestly himself, had perhaps put in a lot of long hours, but working in fine airconditioned office in San Francisco, London or even Moscow was not the same as living a fly blown hovel in the sand under the burning heat of the sun.

Who wouldn't change his crowded commuter train for a private jet. But of course wealth did not create happiness, though he like others had discovered it certainly made life more liveable.

He could have never imagined his new world from behind the glass façade of a tower in the City, or even from his Caribbean island home. The eternal Andean spring of Barichara, its warmth, its plenitude, an almost familiar language and culture, a world of where business values were based on tradition and trust.

It was Lola who had saved him from another odyssey of aimless wandering, in search of a world beyond his grasp, a world he could not clearly define. She had helped him discover a life he had not thought existed. His image of Colombia had been that of Pablo Escobar, cocaine, drug wars, revolution and the Farc<sup>2</sup>.

At the height of the war against the Farc, the Cordillera Oriental had been relatively quiet. The nearest rebel strongholds were in Boyaca and to the east in Yopal, and the vast empty plains of Vichada that formed the frontier region with Venezuela in the Orinoco basin.

Don Pedro told Barton how in the past he had lived in fear for his daughter's life, Lola's mother, who had attended school and university in Bogota at a time when kidnapping had reached epidemic levels where children of wealthy parents were accompanied to school by bodyguards in bulletproof SUVs.

"The assassination of judges and prosecutors had become routine, daily bombings and kidnappings, I had no choice but to send Lola's mother to Miami, where she went to university at Tallahassee."

It explained why he had chosen to send Lola to school in Barichara as the war, which had until then been mainly limited to the mountains and jungles of Colombia, started to move to the towns and cities.

"The negotiations with the Farc in Cuba, I hope, will end more than fifty years conflict. Santos will put an end to coca plantations. As a Colombian I am sorry to say more than half a million people of my countrymen died

during this war against the Farc and the drug cartels that financed it.”

“A tragedy. Let’s hope Santos is successful.”

“Did you know Santos studied at the London School of Economics?” It was a rhetorical question. “Anyway, it was he who started the talks with the help of Chavez.”

“Chavez!”

“Yes, Venezuela’s late president. Whatever you think of him, he could influence the Farc, and Santos believed the war should be ended at any cost, even by having to call Chavez his new best friend.”

Barton smiled.

“The result as you can see has been miraculous. People are happier, our economy is growing at an annual rate of eight percent, tourists are coming to Colombia and we even have immigrants,” he said giving Barton a friendly slap on the back.

“There is still some violence.”

“Unfortunately that will continue for some time. The Farc has lost a great part of its support already, and when Colombians see life improving ... the fruit of peace, any remaining support for the Farc will wither. Santos has imposed no conditions. He has the backing of Cuba and their renewed relations with the US makes it all very positive. Venezuela has its own problems today and Maduro has his hands full.”

“That’s good news.”

“There are some sticking points ... reconciliation, disarmament and war crimes. But you British have helped us there.”

“British?”

The agreement with the Farc was inspired by the framework agreement with the IRA, and the British government has helped with the terms.”

“I didn’t know that.”

“Unfortunately we don’t have much experience at making peace. Our country has a long bloody history with many wars and civil wars, the loss of Panama, coups and political assassinations.

Why were the friendly people of Latin America so prone to violence? Barton asked himself, perhaps it was something to do with the violence of the Conquista.

“You see, the campesinos, peasants as you call them, far from the big cities, were forgotten about by our politicians. They rose up and formed guerilla groups and launched a full-scale civil war in the early sixties. It

was the fashion then ... Vietnam, Algeria and other so called anti-imperialist wars - when Khrushchev and Mao backed revolutionary movements for their own ideological ends.”

To Barton’s mind there was no doubt the world had gotten smaller and more violent. He had only to look at the Arab Spring and the Muslim world, where many nations had fallen into dysfunctionality: a consequence of wars spawned directly or indirectly by the transgenerational festering of the Palestinian question.

Colombia was far from those conflicts, its own war with the Farc was a vestige of the Cold War confrontation, an ideological war in which Communist and Western ideologies clashed over the course of half a century - from the moment when Winston Churchill declared in 1945: an Iron Curtain has fallen in Europe separating East from West; until the dissolution of the Soviet Union.

The conflict with the revolutionary guerilla movement was a consequence of enduring inequalities that left great swaths of Colombia’s population in misery, a fact that political and more privileged classes, mostly city dwellers and landowners, chose to ignore, sadly the case in much of Latin American.

Such conflicts had ravaged the countries of Central America, Peru, Bolivia and Venezuela, as well as Cuba in the Caribbean. Only when they finally ran their course could a new age of prosperity take root, where freely elected governments could settle their internal inequalities democratically. There were of course Argentina and Venezuela, where interested, or unrealistic politicians dragged their nations into repeated economic crises.

As Asia, led by China, practised a form of mercantilism which thrived on the willingness of its working classes to improve their condition, the Arab world burned. The Gulf states had failed to reform their oil and gas export based economies, dancing while they ignored the plight of the masses in their more populous neighbours, stoking the fires of revolt, sectarian conflict and terror.

The flames spread through North Africa and the Middle East, as Iran’s Ayatollahs coveted the idea of becoming a regional nuclear power, and Russia fanned the flames as it heeded the call of a twenty-first century version of its traditional autocratic nationalism.

<sup>1</sup>. Commonwealth of Dominica, a small independent Caribbean nation, not to be confused with the Dominican Republic

## 2. Fuerza armadas revolucionarias Colombia

### CARTAGENA – COLOMBIA

It was not Cannes, but the Cartagena International Film Festival, which in addition to being much more exotic, was the gateway to the Latin American market with its six hundred million cinema goers. The city's fifty-fifth film festival was a major cultural event in the Hispanic world with almost three hundred films competing for a golden India de Catalina.

One of the favourite's was Rodrigo García's film *Last Days in the Desert*, a fictional portray of Jesus Christ's forty days in the Desert, starring Ewan McGregor in a double role, of both Jesus and Lucifer. Garcia, the son of Colombia's literary giant and Nobel Prize winner, Gabriel García Márquez, was the film's writer, director and producer.

Strangely, the film was produced in the USA, in English, starring a British actor in the lead role, and Ciaran Hinds, another Brit as the father, Tye Sheridan as the son, and Ayelet Zurer, an Israeli actress, as the mother. It wasn't a Colombian film, and perhaps it wasn't supposed to be.

Pat Kennedy was excited by the presence of the Irish and Scots actors; O'Connelly by Rodrigo García, son of the famous writer, and writer in his own right; and Liam Clancy by the glamour of it all.

O'Connelly had been a special guest at the Cartagena Hay Literature and Arts Festival that January, which in previous years had invited authors such as Carlos Fuentes, Ian McEwan, Salman Rushdie and of course Colombia's own Gabriel García Márquez. This together with knowing Ewan McGregor, and a little string pulling by Don Pedro, brought the INI gang together at the awards ceremony and gala dinner.

Pat had been surprised when Barton recounted how the Hay festival had been founded in the small Welsh town of Hay-on-Wye, known for its forty odd libraries, which had been organizing book festivals all over the world for near on thirty years: literary get-togethers that Bill Clinton once remarked were Woodstocks of the mind.

Pat was delighted to be present at the film festival, which with the presence of Scottish and Irish actors seemed, at least to him, to have a Celtic air about it. Faced with the glorious past of the nations where he found himself more and more frequently, in particular China and Russia, he felt a pressing need to discover his own origins, and in the quest for his

own cultural identity had almost become obsessed with modern Celtic culture, and in particular with the Welsh poet, Dylan Thomas.

To his growing annoyance foreigners always confused Ireland with England, plus the fact that Celtic history and culture were almost unheard of beyond the fringes of Western Europe.

In his search for a modern icon, whose poetry he could cite, Pat had rejected the best known Irish candidate: Brendan Behan. The Irish bard did not fit in with the image of modern Ireland, at least as far as Pat was concerned; his mother had frowned on the man as a drunk, a disgrace to Ireland: Behan was remembered for his drinking, wit and literary talent, and for many Irish people in that order.

Pat's booze driven compatriot, Behan, had been a fierce Irish Republican, at times a poet, mainly in Gaelic, mostly a play-write and novelist, but always a drinker, who preferred to talk about what he was going to write, famous for his quips: I only drink on two occasions ... when I'm thirsty and when I'm not.

At times perspicacious, Behan had once said, in the days before Ireland escaped the impoverished destiny forced upon it by London, and at a time when the Irish Church prayed for the conversion of China: The Chinese are more Christian than the Irish ... at least they provide free health to their people.

Whatever the public criticism or acclaim, Pat saw Behan as a man of the past, the wars were over and good riddance to them and their horrors, things that brought forth the kind of men and brutality that Pat had always taken pains to avoid. Ireland had changed, it was modern, a vision Pat had valued since his youth; he had pushed the impoverished, dark, grim, Ireland of the past from his mind, always reaching out to future, which he had often discovered lay beyond its shores.

Seen from China or Russia, Ireland was an insignificantly small place, and its drunken Gaelic poet as part of the Eireann Isle's folklore best forgotten, along with many of the violent Republicans in Ireland's post-independent history, which did not however mean Pat condoned England's role in Ireland: there was good and bad, but as a proud though rational Irishman, the time to move on was long past.

Of course Dylan Thomas was pretty good at riotous drinking, but his poetry and fine declamation inspired Pat. The Chinese were always asking him to join in their Karaoke sessions, which he did willing, he was anything but shy, but in his search for something Irish or more specifically

Celtic, which made Ireland seem greater vis-à-vis the Chinese, he had discovered, for more serious occasions, the Welsh poet.

## ABUNDANCE

As an economist and historian, Francis was his own witness. He had grown up in the Ireland of the nineteen-fifties, a stagnant, narrow, poor country, held back by the clergy and gentry, governed by Éamon de Valera, whose theocratic dream of a rural, non-materialist, Catholic Ireland, led to backwardness and inaction. Then, in the half century that followed, Ireland was miraculously transformed into a land of plenty. Sure there was the crisis, but what was remarkable was the little effect it had on abundance; the damage was in reality a crisis of confidence, which, with a little time would be overcome, healed.

Were Ireland's achievements all that miraculous? In a way yes, but the miracle was not specifically Irish. It had occurred to almost every nation on earth to a greater or lesser degree. A phenomena that first it had been slow, then coming in waves, and the waves were even lapping the shores of Black Africa.

As a boy on his visits to England, Francis had not noticed a great deal of difference between the life of his comfortable upper middle class Irish family and that of his cousins in London, where the working class were still to reap the benefits of Britain's post war society, about to embark on the road to material prosperity.

He remembered the small town of his grandparents in County Wexford, sixty miles south of Dublin. He had spent many happy summer holidays in Enniscorthy, where Saturday night entertainment for both young and old consisted of an evening at the tumbledown cinema on Slaney Street, where outdated films were changed once a week, and where after the show a packet of chips, generously sprinkled with salt and vinegar, from the chippy opposite the cinema, was considered a treat. Apart from the cinema there was little else except the town's pubs and the occasional dance, the latter strictly observed by the parish priest.

In 2015, a motorway linked Dublin to Enniscorthy and every Irish man and woman owned a car, an unimagined luxury in the fifties when the common folk did not own motor vehicles.



In the modern world of individualism, each and everyone was encouraged to become an entrepreneur, retraining and relooking themselves in a fast moving economic environment, constantly alert to technological progress. The relentlessly movement of capital ignored borders in its constant search for profit, contemptuously sweeping those skills and goods made obsolete by new technology into the trash-bin of history.

Perhaps the American dream had become harder to attain in the US, but little by little it was being realised by other nations, where in the last century the idea of such material comfort would have seemed far fetched, more generally in China, and also to a lesser extent in India. Russia was another question: where plenitude was always within reach, but forever obstructed by its seemingly self-defeating autocratic destiny.

Strangely the Marxist dream, abandoned by Communist states, was embraced by parties such as Syriza in Greece, in their leftist anti-capitalist anti-everything revolt. Was it the left's last hurrah? The answer was confused as Greeks rejected the EU, but not the euro. In a new twist to an old idea it was proletariat that determined what it wanted and no longer intellectual revolutionary leaders.

The proletariat was not starving, on the contrary it had never been so well off. Not only that, never had it been so well informed.

Liberté, Fraternité, Egalité had always been a vain slogan. Dostoevsky saw through its charade when revolutionary rhetoric turned sour and ordinary citizens were confronted by cruel reality. Nearly half a century after the great writer's death, Lenin confirmed it by bloodshed and tyranny as the Bolsheviks imposed their law, not only on the aristocracy and nobles, but on proletariat.

In London and Paris, Dostoevsky saw through the imperial splendour of the time, which derived its wealth not only from empires scattered across a large part of the globe, but also from the exertions of the downtrodden living in those two imperial capitals, condemned to eking out their miserable existence in the service of the princes whose ambitions rode roughshod over the masses wherever they were. The myth of Liberté and all the rest was an invention by the privileged classes.

Two world wars had seen the rise of the ordinary man, then the new millennium opened the door to post industrial economy. It was a contradiction in terms: on the one hand citizens refused sweatshop labour, capitalist diktats, wage cuts and austerity, on the other hand well-paid jobs became scarcer, which did not prevent the miracle of abundance from

making its appearance, even in the remotest corners of the planet: mobile telephones in remote Africa, solar panels in Papua Niugini and Internet deep in Amazonia.

Abundance was assured by Cornucopia, the only prerequisite of which was endless demand: an insatiable mass of consumers, whether they had the means, whether they worked, and whether they were young or old, sick or infirm, was irrelevant. The vast productive machines of Asia, Europe and the US were designed for one purpose only; Cornucopia, which of course could not survive without consumers, and consumers could not survive without credit, and banks, which in turn could not survive without the constant creation of new credit.

John Maynard Keynes wrote in his essay *Economic Possibilities for our Grandchildren*: 'For the first time since his creation man will be faced with his real, his permanent problem - how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well.'

Francis was not however blind to history's lessons and the unpredictability of the future; how a small decision could change everything; what if Yanis Varoufakis had had his way, Greece would have quit the euro for a very uncertain future, left to its own means to face the flood of Syrian refugees and immigrants that lay just around the corner, ready to ambush unsuspecting Greeks. The future, had always, and always will, be formed by a multitude of variables of every conceivable and inconceivable kind.

As wages grew in China, countries such as Mexico and Colombia boomed. At first glance this could seem incongruous, but the proximity of these Latin American countries to the US and bi-lateral trade agreements with Washington made it economically profitable to manufacture everything from automobiles to washing machines in countries to the south of the Rio Grande. Mexico was exporting one million vehicles to the US each year, many of them with the GM blazon. This in turn opened the Cornucopia of plenty to the consumers of these countries.

As manufacturers ran out of cheap labour sources, it was already clear that machines would replace men and abundance would become ubiquitous: whatever you want, when and wherever you wanted it. The very rich alone could not sustain the needs of the vast productive machine; another model was needed, the key to which was the question of debt management and the distribution of credit.

The idea that life and existence alone justified a share from the

unstoppable flow of goods and services from Cornucopia was making headway. A century and a half had passed since Karl Marx had imagined an economy in which the role of machines was to produce, and the role of men was to supervise them. Therein lay his error. He had never imagined machines would not need men to supervise them, though machines needed men to consume.

Some thought the future of humanity was in knowledge; perhaps, but what if that knowledge belonged to machines. It was evident that no one human being could store the vast amounts of knowledge and information that had become available to mankind, but a machine could.

Marx's theory of exploitation based on the theft of labour time was flawed, in so much as productive labour would no longer exist in the future, when machines mastered all aspects of production: a force independent of man.

Wages and profits would no longer count. Machines, though they consumed energy were untiring and undemanding. Moreover, the notion that labour was required to conceive and build machines was rapidly losing ground. Machines were conceiving machines that were replacing men. Long lines of assemblers, at Foxconn or Toyota, were already things of the past for certain of their products, just as combine harvesters and modern machines had transformed agriculture.

Francis remembered his conversation with Jack Reagan who had commenced his career in an engineering design office, his friend had recalled how he had calculated with a slide rule, how it had taken him a week to design a simple metal framework using a pencil and transparent drawing paper, tasks that had until then remained unchanged for a century or more. Well before the start of the millennium, all such tasks were carried out with the aid of screens, computers and data libraries, and in a hundredth of the time.

Marx was right when he assumed that machines would do most of the work, where the ideal machine would last forever and cost nothing. Whilst the cost of the production process and labour would fall, his error was to think human labour would even be needed.

For Francis, it was not utopian to imagine the dawning of a Cornucopian world, even if a period of transition was needed for the system to expand into Africa, or, whether Africa or some of its dysfunctional societies would ever be included.

Historically, feudalism had been replaced by capitalism, and post-capitalism would be replaced by abundance, where the social model was

yet to be invented, though strangely enough there was growing evidence of a model in already existing socially assisted milieus.

A simple look at the past was a reminder that money had not existed for the masses in feudal societies and until the twentieth century living on credit was seen as iniquitous.

The social and political model for the dawn of abundance had not yet been invented, in the meantime socialism with its labour movements lived in denial, their only arm was that of their Luddite ancestors: out of hand rejection of anything that did not conform to their obsolete ideology or faith, which some called a religion.

At the same time governments and politicians worked within a framework of equally obsolete models: electoral democracies, autocracies, theocracies and oligarchies, all incapable of reform, an impasse that would inevitable led to a more dramatic transition.

Francis always pointed to the defunct Soviet model, that had disappeared, imploded, definitively on Christmas Day 1991, when Mikhail Gorbachev resigned as President of the Union of Soviet Socialist Republics, and the USSR passed into history. Though the end of the Soviet era was effective immediately, it had taken years of decline, decay and denial. In the same way it had taken time and pain for China to shake off the dysfunctional world of Maoism and create a motor of pre-Cornucopian abundance.

Would an enlightened elite emerge: a small class that believed in the necessity to save consumers and politicians from themselves? Would they become the overseers of Cornucopia? Or would the masses take the matter into their own hands? It was a question that tormented Francis in a metaphysical sense: would human society come of age and opt for a universally consensual form of government, or would it pursue its age old habit of endless conflict in the interest of a small elite?

## MOSCOW

It was a balmy spring day when John Francis stepped out of the taxis. He paused for a moment to admire the small leafy square off ulitsa Tverskaja before going into the elegant yellow hued apartment building where Ekaterina lived. Like the surrounding properties it had been recently renovated. Typically of much of central Moscow's architecture it dated back to pre-Revolutionary days.

During the last years of the USSR, many of the capitals buildings had fallen into decay, then after the dissolution properties in desirable central districts had undergone a transformation. Occupants who had held positions in state organisations lost their privileges and their incomes declined with successive devaluations of the rouble. Property values shot up, developers moved in and apartment buildings were transformed and modernised for a new class of private business managers and professionals.

Francis dropped his bags, took a quick shower and then headed off to meet Ekaterina from her office a few blocks away on Tverskoj Bul'var. Friday afternoon's traffic in Moscow's was more hopeless and there had been no point in her meeting him at the airport.

As he left the apartment building he marvelled at the metamorphosis of the garden square, the last time he had seen it, just four weeks earlier, it had lain under a hardened layer of grimy grey snow. It was magic, the trees were decked out with bright green leaves and the flower beds bursting with colour. Francis felt good as he turned in the direction of Tverskaya, it was no doubt in anticipation of the long break he had planned with Ekaterina and not a little to do with the glorious weather he discovered on arrival, a marked contrast to the wet and wind swept streets of Dublin.

Around him everything looked normal in Moscow for that time of the year: the girls were pretty, the trees were green, the fashionable stores still fashionable, the luxury boutiques still out of reach of all but the rich, the flower sellers still babushkas and the traffic still snarled-up.

The gay spring appearance was deceptive, it belied the difficulties of many ordinary Russians struggling to cope with the changes. The class cleavages were more pronounced than ever as the wealthy continued unabashedly to flaunt their affluence, hiding their fears that bad times were ahead.

The middle classes who had bought new homes with foreign currency loans were desperate: with the fall of the rouble they owed twice as much as they had borrowed in euros. For the working classes the transformation from socialism to capitalism had been brutal, leaving many stranded in a world they had not had time to understand.

It seemed to many post-Soviet society had favoured a privileged few, those who had cheated the people of their collective assets: natural resources, industries, banks, properties and institutions. Corruption was rampant as those close to power rode roughshod over the people's rights.

To Ekaterina, who like many young ambitious outward looking Russians had embraced the changes offered by the early Putin years, her hope had

been transformed into enormous disappointment. She was a patriot, but not blind to the calamity of Putin's leadership, who by his ambitions was leading Russia into a useless confrontation with the West. Her country's future was not with Iran, Syria and North Korea. A sad turn of affairs because Russia had so much to offer to Europe and the West.

In the light of the changes brought about by the Kremlin, the success of China was a bitter pill to swallow. From an agrarian based society China had succeeded in its transformation, overtaking Russia in every sense, even if it was still ruled by the Communist Party, whilst Russia after abandoning Communism had slipped back into its bad old ways of despotism at a alarming pace.

Like all Russian mothers who wanted a better future their children, Ekaterina feared the misery of the dark days her parents and grandparents had known under the Soviet Union and its tyrants. There was of course a nostalgia for a state that had offered work, health and education to its sons and daughters, pride in its accomplishments in space, science and the arts. Her disappointment was intense, would she like so many progressive young Russians be forced to seek a new life abroad?

Ekaterina was one of those who had taken out a mortgage in dollars. Her salary at Christie's, where she was an expert in contemporary art, had been sufficient to buy a modern two bedroom flat, but with the collapse of the rouble her mortgage payments had doubled.

She like millions of Russians found herself trapped by a crisis not of her making. Her optimism had been cut short by Putin's Ukrainian adventure and buried by the collapse of oil and the imposition of sanctions. Of course most Russians were unaffected by their government's counter measures against the West, but many Muscovites and Petersburgers worked for foreign companies or those that imported food and goods from France, Germany or the USA. For them life had become difficult as they cut back on discretionary purchases and foreign holidays out of fear of losing their jobs.

Some Russians had lost faith in the rouble, others had even invented a parallel currency, the kolion. The lucky ones, those who owned a family home in the countryside, gave up the unequal race and left Moscow or Petersburg. Ekaterina had even contemplated moving to her grandmother's old family home, now a weekend dacha, in a small village sixty kilometres from the capital, where people lived without the state thanks to home grown food: chickens, geese and firewood from the forest. There they

turned to the Orthodox Church for guidance, as in the more distant past, and counted on help from their neighbours.

Ekaterina with her flaming red hair and independence reminded Francis of a girl he had once known in Dublin. She did not give in easily. But she had little choice, Moscow offered work. Like a magnet it emptied towns and villages in the surrounding regions, where industries and jobs had disappeared as had schools, hospitals and services. Hapless distant villages fell into ruin for lack of resources. Old folk who saw their pensions shrink to a pittance, bitterly regretted the good old days of the Soviet Union, when unlimited access to medical services and hospitals was there for all.

For many like Ekaterina the idea of her country spending money on foreign adventures, nostalgic of the Soviet era, was incomprehensible when there was so much lacking at home.

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Putin's neo-imperialist policies had resulted in a surge of capital flight. What investor in his right mind would put his money into a land without impartial courts, where an absolute ruler could throw his enemy into prison and seize his goods? Where trust was eroded and property rights were ridden over rough shod by a state at the boot of the Kremlin's autocrat. Oil and gas were not enough to reassure investors. Long-term political stability was a sine qua non requirement, especially when it required billions to explore and put new oil fields on stream and where, given the uncertainty of market conditions, the breakeven point was years off.

It wasn't surprising the rich were rushing to get their money out of a country that appeared to be sliding backwards to a form of authoritarianism worst than Communism, where corruption reigned, where government ministers owned offshore companies to hide their ill gotten wealth, where officials flaunted their fabulous bling-bling life styles. Francis saw the hope of a new prosperous Russia fade, and under Putin's progressively authoritarian rule it had started to resemble a banana republic of the worst kind ... backed by a terrifying nuclear arsenal.

\*

Alexander Litvinenko, a double agent who spied for both the FSB and MI6, was an example of the fate that awaited Putin's enemies. He died in London in 2006 after drinking tea laced with polonium-210, a deadly isotope, of which a quantity no larger than a speck of dust was sufficient to kill a healthy man.

Litvinenko started out in the KGB counter intelligence service and then a

lieutenant colonel in an FSB unit specialised in fighting organised crime.

In 1994, Litvinenko got to know Boris Berezovsky, Russia's first oligarch, friend and kingmaker of Russia's post-Soviet president Boris Yeltsin. He had led an FSB investigation into Berezovsky's attempted murder: a car bombing in which the oligarch's driver was killed and he was injured.

Then in 1998, the former FSB officer claimed he was asked whether he could get close enough to Berezovsky, who had since fled to London after having fallen afoul of Putin, to murder him. However, rather than kill Berezovsky he went to him and revealed the plot, thus saving the oligarch's life, temporarily as it turned out as Berezovsky died in 2013 under mysterious circumstances at his Berkshire mansion.

Berezovsky had criticised constitutional reforms proposed by the Putin soon after the latter was elected. In an open letter to Putin, Berezovsky, then a Duma deputy, said that he would vote against the president's project. Shortly after Berezovsky resigned from the Duma in the direction of London.

The Russian elite was little concerned about the well-being of the proletariat and if proof was needed it was in the hundreds of billions of dollars stashed overseas by men like Berezovsky. One hundred and fifty billion dollars left the country in 2014 alone, slowly draining the nation's life blood.

Putin's power was underpinned by oil, which after rising to more than one hundred dollars a barrel, permitted him to gain absolute power and take control of the media.

In the decade and a half since he had been elected, complaisant oligarchs became staggeringly wealthy, and even though certain were hard hit by the Great Recession, most rebuilt their fortunes under Putin's system of crony capitalism, transforming Moscow into the world's leading billionaire capital.

## SHANGHAI

His fifteen day China book tour started in Hong Kong and was scheduled to end in Beijing. It was part of a successful writers obligations, and O'Connelly, like all successful writers, travelled to promote his books. His editors required his presence at book fairs, for press and television interviews, readings and book signings. Between was a stop in Shanghai,



where he would attend one of its many literary festivals and carry out research for his new book. The megapolis situated at the mouth of the Yangtze River was not only the country's business and financial centre, but also a focal point of modern Chinese literature and arts.

The main goal, at least as far as his publisher was concerned, was the launch of the Chinese translation of his latest book, which involved a series of readings and book signing events. His own specific interest was less mercenary, namely the research for his next book, set in part in China and more specifically Shanghai, for which he wanted to get a feel for the atmosphere, notably the French quarter, the Bund and Hongkou, the latter being celebrated as the home of the League of Left-wing Writers and revolutionaries in the twenties and thirties.

O'Connelly's new book was a novel based on an idea of Michael Fitzwilliams and set around the history of three banking families: the Fitzwilliams in Ireland, the Smeatons in Asia and the Hiltermans in Amsterdam. Fate and market shocks had brought them together: first the dot-com bubble, followed by the Lehman Brothers collapse and the financial crisis that ensued. It was an intergenerational story, a trilogy, that opened in the nineteen twenties when the families struggled to survive the Wall Street crash and depression, followed by the traumas of WWII and decolonisation.

O'Connelly's programme had been arranged by his New York publisher Bernstein Press. Jason Hertzfeld had been pushing him to get more Asia content, because that's where it was happening he had told him.

"Look at your Irish pals Pat, Fitzwilliams and Kennedy, that's where they are today," Hertzfeld had insisted, "even Tarasov."

O'Connelly had to agree, but he was a writer and did not write to order, though it sometimes seemed like that given Hertzfeld's pushy New York style. He had to admit the idea did fit in with his plans.

"The Wall Street Journal's running a story about a deal signed in Vladivostok with Tarasov's bank ...,something about financing a pipeline ... for China," Hertzfeld argued.

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O'Connelly insisted on a suite at the Astor House, for a starter, three nights. It was one of Shanghai's iconic hotels, not in the same class of luxury as the Peace Hotel on the Bund, where he was booked once his official programme got under way.

Smeatons grandfather had been a regular visitor to the Astor House during

the period prior to the Japanese occupation of Shanghai in December 1941. His family had founded the Anglo-Dutch Commercial Bank, which had served the interests of British and Dutch businesses in their respective country's colonies in the East Indies.

At that time Shanghai was one of the world's greatest cities with a population of three million, a vast metropolis at the mouth of the Yangtze River, the gateway to the heart of China, a booming industrial and commercial centre. The Bund, in the International Settlement, was the symbol of the wealth and success of Shanghai. It was an extraterritorial treaty port and governed by the Shanghai Municipal Council which was effectively controlled by the British.

Smeaton's Jakarta based bank along with its branches in Singapore and Hong Kong had prospered even into the early war years. Then, December 7, 1941, after the Japanese fleet attacked Pearl Harbour, the imperial powers' dominoes fell in rapid succession. The morning following Pearl Harbour, the foreign concessions in Shanghai were seized by Japanese forces and Hong Kong attacked early the same day. On Christmas Day 1941, Hong Kong surrendered; Manilla was occupied January 2, 1942; Kuala Lumpur January 11; Singapore February 15; and in March the Japanese conquest of Europe's colonies in South East Asia was complete.

With the fall of Singapore the fate of Indonesia was sealed and the Smeatons took refuge in Australia. There they remained until the US unleashed its terrible revenge on Nagasaki and Hiroshima and Japan surrendered.

Smeaton returned from Australia in the autumn of 1945 and retook control of the family possessions and banking business in Singapore, and then in Jakarta, where the Dutch, with the aid of British forces, had moved back into their colony after the Japanese occupation. In 1946, the independence movement under General Sukarno had other ideas about the future of the country and a desultory war was waged by Indonesian independentist forces against their former masters. Finally, in 1949, Amsterdam was forced to accept the end of their centuries long rule in the Dutch East Indies and modern Indonesia was born.

As a wind of change swept through South East Asia, the Bandung Conference, held in Java 1955, invented the Third World. Smeaton's father saw troubled times ahead when in 1957, Malaysia became independent along with Singapore, the latter being part of the newly created Federation. There was no future for Europeans in this new world and young Malcolm

Smeaton, encouraged by his father, turned westwards.

Malcolm, who had spent his childhood in Jakarta and Melbourne, his youth in Singapore, was dispatched to London to further his studies at London University, where after two dismal years he, the scion of the old banking family, banished the idea of a career in grimy, cold, damp, foggy London with its post-war austerity - forever.

At that time Singapore was in ebullition, first race riots, then expulsion from the recently created Federation of Malaysia. After the independence from the Federation, the future of small Singapore, led by Lee Kuan Yee, with its mainly Chinese population, looked dim, inciting Malcolm to seek a new base in the hope of saving his family's fortunes.

In Britain, as successive governments, already in dire financial straits, struggled to finance the welfare state and fulfil their engagements overseas, taxation pressures grew and the wealthy fearing for their money turned to the newly independent Caribbean territories.

It was a signal for Smeaton who headed for the Caribbean where independence and self-government was taking shape with the prospect of new opportunities for bankers and the prospect of tax shelters.

The Bahamas seemed like a good starting point; it was British and nearby to the USA, a place in the sun for the rich, where Americans could hide their money from Uncle Sam, though the Duke of Windsor had disparaged the islands as a 'third class British colony'.

London's cumbersome colonies in the Caribbean had been described described by V.S.Naipul as 'part of the jetsam of an empire', and a high level official in the British Foreign and Commonwealth Office when asked how they would survive quipped: they would turn themselves into tax havens.

After Smeaton debarked in Nassau, after his long BOAC flight had hopped across the Atlantic and North America from London, he not only found sunshine and palm trees, which reminded him of his East Indies home, he also discovered offshore banking: a potential goldmine. The Bahamas proximity to the US mainland was especially attractive to American citizens, with the English language and a British style administration to reassure visitors. Then when islands became self-governing, British law allowed 'virtual' residencies, which permitted companies to incorporate in Britain without paying taxes, laws that also applied in self-governing British territories such as those in the Caribbean.

The concept of virtual residency went back a long way. It was established

as a precedence in British law in 1929, after it was successfully argued the Egyptian Delta Land and Investment Co. Ltd., though registered in London, did not have any activities in the UK and was therefore not subject to British taxation. This effectively made Britain a tax haven, as companies could incorporate in Britain without paying British tax on their activities outside the UK. The ruling was not only valid for the UK, but also the entire British Empire, which of course included the Bahamas.

Another ruling, in 1957, this time by the Bank of England, reinforced the concept. With the emergence of the Euromarket, Threadneedle Street recognised that transactions made by UK commercial banks on behalf of non-resident clients were not considered to have taken place in the UK.

As a consequence such transactions were effectively offshore and therefore outside of the Bank of England's jurisdiction, or for that matter, any other UK regulating authority.

The Euromarket was created following the Suez Crisis of 1956, in response to restrictions on the use of pound sterling in trade credits, allowing the use of the US dollars in commercial exchanges by non-UK businesses abroad, transacted on their behalf by banks located in London.

As in earlier similar such rulings, these transactions were considered to be offshore since they were made on behalf of non-residents, in foreign currency and overseas, even if the contractual documents were drawn up in the UK.

The result was the creation of a new, non-regulated, banking environment beyond the jurisdiction of the Bank of England, or any other central bank.

Thus, it was in this legal environment offshore finance was born.

Malcolm Smeaton was quick to seize the opportunities offered by the system and incorporated his first offshore bank in Bahamas, the Anglo-Dutch Nassau Bank.

When the status of the smaller British islands in the Caribbean changed from that of colonies to states in free association with the UK in 1967; the former colonial power retaining control of external affairs and defence, Smeaton incorporated another bank in Dominica, a small almost forgotten former British possession that lay between French Guadeloupe and Martinique. There he calculated he would be totally free from prying Brits with whom, he, being part of an old colonial family, had never been really at ease, his suspicion bordering on mistrust, especially of London's political classes and the UK's ruling establishment. The Smeatons had lived through the fall of Hong Kong, Kuala Lumpur and Singapore, and

had witnessed British treachery in the face of the Japanese ambitions in Shanghai, followed by the collapse of the British Empire and the subsequent abandonment of its colonies to their sort.

## **Chapter 10**

### **PIMLICO – LONDON**

Kenneth McLaughlin, a life long Labourite, could not hide his chagrin when he discovered that his fallen hero, Tony Blair, who according to the father of a dead soldier, should be dragged in shackles before a war crimes tribunal, had become a multimillionaire and his wife, Cherie, a budding business tycoon.

Cherie had in effect taken over the entire top floor of an office building overlooking Hyde Park, a short distance from the couple's magnificent home on Connaught Square, where she was developing her end of the family business, and from where her son Euan ran a recruitment agency.

Besides her law firm was the Cherie Blair Foundation for Women, a laudable venture, which received considerable donations that no doubt helped pay, in part, the rent for the offices that housed her other activities, one of which was Omnia Strategy, which had recently opened an office in Washington.

Amongst the foundation's backers was Accenture which donated to a training project in Rwanda for women. Window dressing was of course essential for the Blair's business in Africa, where the former PM advised a number of governments including that of the despotic ruler of Rwanda, the leader of oil rich Gabon whose family had ruled the country for near on half a century, as well as businesses in Nigeria, Ghana and Djibouti.

Omnia was in effect a law firm which was authorised by the Solicitors Regulation Authority to operate as what was described as an alternative business structure ... providing a wider range of services to clients, than a traditional firm.

It was curious Omnia, owned by the socialist couple, had hired the granddaughter of an English lord, and none other than the Duke of Wellington, to develop its business.

Tony Blair was no slouch when it came to business. His fortune was

estimated at one hundred million dollars, a remarkable exploit for a socialist politician, who a decade earlier was said to have difficulty repaying his home loan.

The former PM, who had rushed the UK into a dubiously justifiable war, and had been to a large degree responsible for policies that had led to a catastrophic banking crisis, was proving to be more of a successful businessman than national leader, with an undeniable talent for moneying the contacts he had established during his time in power.

Five years after the Labour Party was voted out of power the country was still suffering from its policies which had greatly contributed to creating a two speed Britain. The rich had become very much richer just as the poor sank into a hand to mouth existence surviving on allowances and handouts. Two million Britons had jobs characterised as zero hour contracts, two million more were unemployed and another two million had dropped out of the job market. Incomprehensibly, since Blair had been elected prime, minister four million immigrants had arrived in the UK, working for low wages and often undeclared.

For the better off things had never looked so good. The price of London prime property had soared, with property in most inner London boroughs beyond the reach of all but a small fraction of the population, forcing residents of modest means out to distant ever expanding commuter belts.

Kenneth McLaughlin, following the early death of his father, a family tragedy that left his mother in a desperate situation, quit Dublin in 1950 to find work in London. The lad was lodged by his uncle, Jim Foley and his Aunt Kitty, in the Pimlico district of the capital. Uncle Jim found him a job with British Railways where he himself worked in accounts. The sixteen year old was engaged as an apprentice electrician in the railway company's maintenance workshops situated just outside Victoria Station.

It was a time of full employment as Britain rebuilt after the destruction wreaked by the war. The boom attracted many young Irish men and women who crossed the water to flee the impoverished conditions at home as the demand for labour grew in England and especially in London.

When Jim Foley launched his nephew on his career, he was the owner of a Victorian corner house on Alderney Street, in Pimlico, bought in the late forties. He repaid the bank loan with the rents collected from his lodgers, mostly young nurses, both Irish and English, who worked at the nearby Westminster Hospital.

Kenneth remembered the large ten roomed house at that time, a rather

neglected property. It was, however, not different from neighbouring properties, in a district that was at the time largely working class and where most of the large houses were rented out by absent landlords. In fairness to Jim, his place was almost certainly in better state of repair than many others, certainly due to the fact it was occupied by its owner and his carefully selected tenants.

Jim Foley had bought the property thanks to cash deposit and a hard to get bank loan of one thousand two hundred pounds, for the five level property, a very substantial sum for a working man in those days.

Young Kenneth married a nurse, a pretty girl from Norfolk, to his aunt's approval. It was an almost inevitable destiny given the fact that most of his neighbouring lodgers were girls. When their son was born the young family was offered a new flat in Churchill Gardens by the Westminster City Council. The comfortable modern flat overlooked the Thames and was just a ten or fifteen minute walk from their respective work places.

With a few years solid experience to his credit Kenneth moved on, a step up, hired by the newly built Hilton Hotel on Park Lane in central London. He saw the new job, assistant maintenance engineer, at the prestigious hotel, as the promise of a bright future compared to that at the sclerotic, strike ridden, national railway company. He was right and remained loyal to the hotel group until he retired in 2000. By then Kenneth McLaughlin had become the group's UK property maintenance manager, responsible for almost seventy hotels across the country.

The Foley's were childless and considered Kenneth as their son. When Kitty died from cancer, Jim followed less than a year later, leaving the house to Kenneth, his only remaining close relative.

In 2015, Kenneth McLaughlin was a rich man. However, he did not owe this to his successful career as a manager, or the fact he had paid off the mortgage on the house he owned in Finsbury Park, North London, or his savings and investments, or even the house he had inherited from his parents in a Dublin suburb, all of which would have given him a net worth of almost two million pounds.

A handsome sum for the lad who had arrived at Paddington station fifty years earlier with ten Irish punts in his pocket.

It was Uncle Jim's house on Alderney Street in Pimlico that increased his worth by another magnitude. The house his uncle had bought shortly after the war, in bomb damaged, run down Pimlico, was now worth an estimated four and a half million pounds. In terms of monetary inflation his initial

investment in 1948, nearly two thousand pounds, would be worth two hundred and fifty thousand in 2015; the London average house price index would make the house worth half a million; but in Pimlico, situated in the heart of London, the investment was multiplied by over two thousand.

The Alderney street house was divided into five spacious two room apartments with kitchen and bathroom, which McLaughlin rented out for a total of twelve thousand pounds a month.

His total annual income from the rent of his London and Dublin properties plus his pension was over two hundred and fifty thousand pounds a year, and his net worth a spectacular six and a half million pounds.

Kenneth blessed his good fortune; he who had often doubted the luck of the Irish, was living proof of the hackneyed saying's veracity.

He was more fortunate than certain of the neighbouring owner occupiers on Alderney Street, who were asset rich and cash poor, and faced crippling taxes forcing them, one by one, out of their homes as the value of their properties rose. The former middle class owners of property in central London districts, described as prime by real estate specialists, were slowly constrained to quit the homes they had lived in for decades, ceding their place to a growing class of well-heeled professionals and wealthy foreigner buyers. The traditional middle classes were priced out of the market, exiled to distant commuter belts.

## HONG KONG

Lili was worried, normally Pat called her two, three or more times a day when travelling, but since he had arrived in Panama his calls had been less frequent and now he hadn't called in almost three days. She trusted Pat, after three years she had got to know her husband well, but recently he had been under considerable stress following the changes at INI and his relationship with Michael Fitzwilliams which had become difficult since the start of the Ukrainian troubles when the CEO accused Pat of going too fast with the Russians.

It was true that Pat Kennedy's interest in things waxed and waned, and at times with surprising speed. He was not a staid, stuffed shirt City banker; it was neither in his character nor his role. It was Fitzwilliams who had pointed him in the direction of China, leaving the bank's day to day affairs and relations with INI in Moscow to more conventional managers.



Who could have foreseen the turn of events in the Ukraine, the sudden about-turn of Viktor Yanukovich? Perhaps seasoned Russian watchers? Who could have predicted the Maidan Revolution, the flight of Yanukovich and the reaction of Putin?

There were as few crystal ball gazers who could predict the future as there were investors who could anticipate the movement of stock markets. Men like George Soros or Nouriel Roubini became famous for getting their bets or forecasts right ... once. Few got it right twice, not to mind being consistent. Of course Warren Buffet had become immensely rich, but that was by steering his funds wisely through the shoals of change.

Michael Fitzwilliams had taken risks, dangerous risks. But he had forgotten the saying: one day the future will be the present, in his pursuit of growth. He had used Kennedy, his willing instrument, to further his ambitions. He was not the first banker and certainly not the last to be drawn by the lure of huge gain, not very different from the gamblers Lili had watched in Macau, or those ordinary Chinese who blindly bet on the Shanghai Stock Market.

In the last weeks the Wu family had quietly cashed in their gains on the Shanghai and Shenzhen markets, just as they had reduced their exposure to property in China over the previous eighteen months. Markets were dangerously overheated.

It was the old Wall Street story: when the shoeshine boys started giving hot tips, it was well past the time to get out.

Such was the case of China's stock market and Pat was no where to be found.

Punters, ordinary people, many of whom looked as if they had dropped in after a game of mahjong or go in the local park, could be seen earnestly scanning the stock market index boards in Shenzhen, or heard placing orders on their cell phones on Shanghai streets, others could scanning the pages of the China Securities Daily on the Hong Kong waterfront. But all were avidly following the movement of their shares.

A survey carried out by the Hong Kong Stock Exchange, showed one in three adults in the city had invested in shares.

Astonishingly retail investors accounted for some eighty percent of China's trading volume, however, the Chinese stock market was dwarfed by London or Wall Street. Which did not prevent every imaginable kind of punter, even students and pensioners, from plunging into the market and often on borrowed money. The stock market had reached boiling point, and

the chance of winning even better than in a Macau casino as each day trading volumes reached new heights and share prices went through the ceiling.

Daily trading volume on combined Chinese markets had exceeded that of Wall Street by several degrees of magnitude with index's surging more than fifty percent in 2014, then another twenty percent since the beginning of 2015.

The Beijing News reported a cleaning lady at China Securities had opened an account to buy and sell shares in the mad scramble to get a piece of the action. As the frenzy reached its peak nearly a million new accounts were being opened a week, ominously the greatest number since 2007.

For many Chinese it was an alternative to the real estate investment market, which was caught in the doldrums after the government had tried to cool the seriously overheated market, the advantage was the price of the stock market entry ticket was so much lower than that of real estate. It was as if every Chinese without or without ready cash was caught up in a stampede to get a piece of the action. As always, the only sure bet was, sooner or later, the euphoria would turn into tears, and the consequences for the government nasty, very nasty.

Lao Wu had seen more than one crash in Hong Kong, in real estate and the stock market. But, when the next crash came it would hit the Mainland, where people were not used to losses and their reaction unpredictable.

## SHADOW BANKING

Shadow banking was loosely defined, in technical jargon, as credit intermediation involving entities and activities fully or partially outside of the conventional banking system.

In other words lending outside of normal banks and credit companies, and Ireland was part of the world's shadow banking system which played an important role in the Emerald Isle's economy. However, few people saw Ireland a tax haven, but it was, and as such Irish banks, stockbrokers, accountants and law firms provided services to foreign businesses and individuals.

Surprisingly, over the three percent of the world's shadow banking funds were held in Ireland, putting it in the same class as the City of London, Luxembourg, the Cayman Islands and Liechtenstein, to name a few. An

astonishing achievement for a small economy, perceived by many as one based on tourism, dairy farming, or a small low tax manufacturing centre for pharmaceuticals or electronics.

It was a well guarded secret, as discretely hidden as was Ireland's cool, damp, rainy climate from would be tourists.

Fitzwilliams bank was at the heart of a system that had enabled Ireland become a major financial platform through which Russians could effect sophisticated capital transfers. Further, Irish financial entities, including INB, had loaned Russian companies, and households, a total of more than twelve billion dollars in 2012, making Ireland the fourth most important creditor of the Russian non-financial sector, ahead of the UK, Cyprus and Luxembourg.

One of the most important conduits for the flow of Russian capital into Ireland was the City of London, whose financial system was closely linked to the Republic, and INI had fully profited from this arrangement, building up a huge position in Russian lending.

In the world of offshore banking, finance and tax evasion, the Cayman Islands was well known as a base for shell companies, described as financial vehicles, where they were registered at discrete addresses by the thousand. But few outside of informed circles realised the importance of the role played by Irish based hedge funds, investments vehicles and money market funds, or the value of their investments, which exceeded a staggering two trillion euros in 2015.

In fact more than a third of all global hedge funds were serviced in Ireland making it the largest hedge fund administration centre in the world with more than half of all European based funds, amongst them many of the most important hedge fund managers.

Beyond a small number of financial specialists and hedge fund managers, few had heard of number 5, Harbourmaster Place, a modern glass building, which was no different in appearance to so many others, situated on the bank's of the River Liffey, in what was once Dublin's docks since transformed into Ireland's International Financial Services Centre, known to certain wags as 'Lichtenstein on the Liffey'.

More than two hundred and fifty companies were domiciled at that address, including Google, Microsoft, and the pharmaceutical giant Abbott Laboratories. A number that was far greater than the building could have effectively housed. This was however not a problem as they had no employees, furniture or office equipment at that address, even though many

of these companies had assets worth millions, hundreds of millions or billions of dollars, pounds sterling or euros, in addition to that they paid little or no taxes.

Certain of these entities were in fact financial vehicles created to house or trade in securitised investments, that is to say to raise and resell loans, in other words instruments of the shadow banking system, a murky unregulated universe beyond the control of any government or authority.

Ireland's shadow banking system controlled assets worth an astonishing ten times the value of its gross national product, that is the total value of all its goods and services produced in a single year. In addition it employed more than thirty thousand people, though due to the tax avoidance nature of the sector, little if any taxes were ever paid on gains.

INI was part of the system and Fitzwilliams, a victim of his own ambitions, had like other interested parties had persuaded legislators, out of public view, to do what suited their plans, that is by not asking too many questions and avoiding awkward questions; let's not rock the boat lads, as Pat Kennedy put it. In other words policy making was directed by financial interests.

John Francis was of the same board, a free marketeer, he did not believe in the constraints of what he saw as socialist ideas, he knew in the long run they did not work, he believed economic prosperity went hand in hand with governments that ensured national wealth. Francis did not see Ireland as a tax haven, rather it offered a simple and transparent corporation-tax system that favoured investment, levelling the playing field as Pat Kennedy would have put it, enabling Ireland to compete with the City, Luxembourg and Switzerland.

Kennedy, for example, envisaged setting up a vehicle in Dublin to finance selected parts of the Nicaragua Canal project, through different fund raising structures without putting the bank at risk. Such methods were employed by businesses to reduce risks via hedge fund securitisation, that is pooling loans, transforming the shares into securities or tradeable assets that could be sold to investors in smaller parts.

Setting up a fund in Ireland was child's play for a bank like INI once authorisation from the Central Bank of Ireland was acquired; a formality that consisted of establishing an Irish based depository; an Irish regulated external auditor; an Irish based administrator; an approved management company, the form of which could either be an Investment Company, a Unit Trust, a Common Contractual Fund, or an Investment Limited

Partnership; with of course two Irish resident directors.

The beauty of it was Ireland was an onshore base which had the effect of attracting more and more funds away from, for example, Caribbean islands; a consequence of the European Union's Alternative Investment Fund Manager directive that imposed severe restrictions on the marketing of funds domiciled outside the EU for European investors.

Kennedy would appoint a hedge fund manager to administer the fund designed to attract high worth net worth individuals through a network of brokers, a great many of whom were based in the City of London. With its vast processing structure, the City disposed of lawyers, accountants, analysts and other experts: a nerve centre of a vast network that covered the entire planet, a vestige of Empire.

However the City would have been nothing without the UK's precious string of pearls, starting with those nearest to home: Jersey, Guernsey and the Isle of Man; further afield were its British Overseas Territories, previously known as British Crown Colonies, there were fourteen in total including Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Montserrat, Turks & Caicos, all of which were undisputed tax havens, conduits for the City's most nebulous business transactions.

They were known as the CDOTs - the UK's Crown Dependencies and Overseas Territories. On maps they appeared no bigger than dots, but each year billions of dollars were hidden in the tens of thousands of offshore companies and accounts secreted away on these islands, part of it used to buy super-yachts, private jets, fine art and property.

This precious string formed part of the City of London's planetary network providing banks like City & Colonial, HSBC and UBS the means to set up thousands of offshore companies for their clients.

Added to that was Hong Kong, a former colony, which in spite of the transfer of sovereignty to Beijing had never cut its close links with the City. Hong Kong's web of guanxi stretched deep into the heart of China and served as the City's principal Asian conduit, closely followed by another former colony, Singapore.

There were few taxes on businesses and with bank secrecy guaranteed in Hong Kong, Kennedy could do whatever he liked for his clients, wherever their production bases were located, through the links he controlled between the former colony, London and Dublin.

Smart phone owners would have been astonished to learn that many of their applications were produced by one of Pat Kennedy's clients: an

almost anonymous Chinese software firm that counted their global users in the hundreds of millions; one the world's largest publishers of software applications; boasting an annual growth in the order ten percent; and profits of one billion US dollars. Their places of business situated in Beijing and Hong Kong and their registered offices in George Town. Yes! George Town in the Cayman Islands.

Users across the world employed the software daily without realizing it was produced in China and that the profits were banked in one of the world's most notorious offshore tax havens ... British to boot!

Michael Fitzwilliams as CEO of a large international banking group had been blithely unaware of the opacity of many of his clients, whose businesses were entirely legal, but whose activities were hidden behind a formidable language barrier, incomprehensible to outsiders, safely hidden from preying eyes in the labyrinth of the Middle Kingdom.

## KALUGA – RUSSIA

John Francis did not need to be convinced that rich Russians, who had not already moved abroad, were heading for the door, or at least making plans to do so. Those who could had no intention of hanging around to see what happened when Putin turned the screw, raising new taxes to cover the deficit caused by falling oil revenues.

The problem for those whose intentions were to get out, was to do so without being seen to. A lack of patriotism was a grave sin in the eyes of Putin's government.

To make matters worse, if the nuclear non-proliferation negotiations with Iran ended in an agreement, the situation was likely to worsen; oil prices could fall to thirty dollars a barrel once Iranian producers came back into the market, adding to the pain already felt by Russia.

One fifth of Russia's wealth was controlled by one hundred and ten individuals, making it one of the most unequal countries on the planet. How long would Russians suffer such a regime?

Vladimir Putin's Russia was fast becoming a non-destination for foreign investors, and rich Russians who could have invested money at home wanted out. The difficulties were reaching alarming proportions as GDP fell and inflation rose at an eye watering pace. The prime concern of oligarchs and wealthy Russians was to do all that was in their means to

conserve their wealth, which explained their interest in London; not very surprising given the UK tax system offered advantageous conditions to such exiles who could acquire an investment visa at the cost of two million pounds up front.

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As John Francis turned off the M3 to Kaluga, one hundred and fifty kilometres south of Moscow, he discovered to his surprise an agreeable, airy, green city. A little research had told him that Kaluga meant a bog in Russian, and in the Middle Ages it had probably been just that.

It was there the Princes Vorotynsky established a small fort on the south-western borders of the Grand Duchy of Moscow. Later, in the autumn of 1480, on the banks of the Oka River, a tributary of the Volga, the armies of Moscow held back the Golden Horde, a turning point in Russian history.

On arriving in the city centre, Francis was welcomed by the traditional colours of czarist period urbanism. Incongruously mixed with the elegant czarist theatres, museums and ancient churches stood the eyesores of Soviet and post-Soviet architecture. These considerations apart, Kaluga had become a modern industrial city, which was not been the case two decades earlier when the Soviet Empire imploded.

At that time it was a run down backwater that had suffered years of neglect as the economic fortunes of the Soviet Union slowly declined. A paroxysm was reached in 1998 with an economic crisis that resulted in Russia's default and the collapse of the rouble and only when Boris Yeltsin handed over the reins of power to Vladimir Putin did things started to look-up.

The economic collapse of the USSR and its disintegration, freed Eastern Europe and coincided with China's astonishingly sudden emergence as the world's workshop, unleashing hundreds of millions of new workers onto the labour markets.

Almost overnight the globalised world work pool doubled, leading to a quarter of a century of wage stagnation, during which Workers from Canton to Manchester and Detroit, not forgetting Bangkok, Jakarta, Calcutta and Karachi, suffered as a consequence. At the same time men like the chief executive of UK home builder Persimmon, Jeff Fairburn, pocketed an obscene bonus of one hundred million pounds, offered a middle finger to the ordinary wage earners of the world.

In 2000, helped by the rise in the price of crude oil, Russia's troubled economy started to pick-up. It was the dawn of an economic renaissance and consumer boom with foreign businesses pouring into Kaluga,

conveniently situated not too far from Moscow. These were led by major automobile firms that set-up production lines and international leaders in other sectors such as L'Oréal, Samsung, General Electric; pharmaceutical firms including AstraZeneca; and Lafarge a leading producer of cement and building products.

In 2010, Kaluga had topped The Moscow Times' regional investment list, attracting more the one billion dollars in direct foreign investment, more than double that of its nearest rival.

It was for both business and pleasure that Francis was in Kaluga, the home town of Ekaterina's family. The Easter holiday was a good moment to relax and discover life in that middle sized Russian city and meet Ekaterina's family. In addition he hoped to measure the effects of sanctions and falling oil revenues on the Russian economy.

With its population of more than three hundred thousand, Kaluga was described by the Western financial press as a boom city, though its industrial tradition dated back Soviet times. It had had undergone a remarkable metamorphosis, from a city known for its heavy traditional mechanical industries - and fame as the cradle of space exploration in more glorious times - to a modern and dynamic manufacturing centre where Volkswagen, Volvo, Renault and Citroen had built assembly lines.

Office and factory workers had flooded in from Moscow. Their new prosperity was visible in the new steakhouses, unheard of in Soviet times, where they could enjoy imported cuts of prime beef. The good life was attested to by the bright and bustling shopping malls that had sprung up all around the city, outside of which shoppers parked their new SUVs, foreign models built or assembled in Kaluga. In the bars and coffee shops, drinking imported wines and cappuccinos they had talked of plans for their next vacation in Thailand or Cyprus, or discussed the latest designer clothes in the fashionable boutiques in the malls.

They were the new Russians, proud of their country and confident in Vladimir Putin's leadership.

So where had everything gone wrong?

Ekaterina whispered travel agents were going bust, Russians were cancelling their foreign holidays as the rouble exchange rate priced them out of the market, restaurants were empty, and on top of that, what with sanctions, American steaks and imported foodstuffs had disappeared from menus.

The plenitude of the boom years was suddenly replaced by restrictions



along with a return of images of the bad old days as consumers struggled to adjust to steep inflation and the country's new economic realities.

For the first time since 2000, ordinary Russians were seeing their wages fall in real terms. Manufacturers were laying off workers, putting them on short time, as vehicle sales stalled, as purchasing power fell and the price of imported car parts rose. A blood bath, as one of Ekaterina's friends put it.

Russia's tragedy was the making of Vladimir Putin's regime, which was one step away from transformation into a fully fledged authoritarian dictatorship, already visible by the manner in which it cracked down on any form of dissension. It was as if Moscow was determined to break with Western influence.

The root lay in Putin's perception of the West and more precisely NATO, which was designated as the Kremlin's arch-enemy, a threat to the very existence of Mother Russia.

Nevertheless, from an academic point of view, it was the duty and obligation of Francis to judge the situation from the Russian point of view, or at least with a certain impartiality. The facts were there. The Cold War had been won by the West, more precisely Washington. Once the Soviet threat had been removed, little had been done to accommodate the wounded bear. Instead it had been circumvented, surround by a sanitary cordon. The inevitable happened: Moscow, like Berlin after its humiliating defeat in 1918, and an even more humiliating peace, chose a nationalistic authoritarian path.

## BREAKING NEWS

Kennedy stopped in his tracks. He looked at his phone in stunned disbelief. Switching from flight mode his phone flashed breaking news from Reuters: Banker Michael Fitzwilliams' yacht Marie Gallant II disappears in Irish Sea off Wexford coast.

He hurried through the controls to a discrete VIP exit and his waiting car. He was confused unable to decide what to do, who to call, as the driver headed out into the traffic in the direction of the Harbour Tunnel and Hong Kong Island.

He looked at his watch, it was six in the morning in Dublin. He hesitated then called John Francis.

A thick voice replied.

“Hello John?”

“Pat! Where are you?”

“Hong Kong. You’ve heard the news?”

“Yes. It’s awful. An accident they say ... late yesterday afternoon.”

“Michael?”

“He’s missing. They are still searching.”

“Jesus.”

“What happened?”

“There’s no details. Irish and English coastguards said there was an explosion, the boat sank ...,immediately ... there was no mayday call, when they got there all they found was floating debris.”

“Feekin Holy Jesus!”

“What should we do?”

“If something has happened to Michael, it’s first of all a family matter, if you see what I mean. Then there’s the bank.”

“Yes, of course.”

He’s no longer on the board. Just a shareholder, even if he holds a very large minority. It doesn’t affect the functioning of the bank, but that’s our problem today.”

“Where’s Sergei?”

“I haven’t heard from him for the last week or more.”

“Was it an accident?”

“They’re talking about an explosion.”

“OK John. Try to find out more and call me back when you’ve got something.”

Pat switched off his phone and tried to think. If Fitzwilliams was dead it was a game changer.

Was it an accident?

Pat thought back. Fitzwilliams had spoken of his fears, however, he had never seriously talked of physical danger, though he often voiced his concern for Tarasov’s safety.

There was the recent example of the chairman and chief executive of Total SA, Christophe de Margerie, who was killed when his private jet hit a snow plough at Moscow airport, reported as a tragic accident, at least that was how it was interpreted in the French and international press. Some Russians saw it differently: a CIA plot to eliminate the Frenchman who was a

leading opponent of Western sanctions against Moscow.

Michael Fitzwilliams had many enemies and not only Russians. He was also, or had been, an embarrassment to Downing Street. Rumours had been making the rounds of the extreme measures the secret service would go to to silence individuals, especially those whose knowledge of sensitive or damaging information could affect the credibility of the government if divulged.

To Kennedy's mind the INI grab, if not a plot, was an opportunist swoop to dispossess the banker of his rightful position, filling the pockets of certain interested parties, whoever they were, and who could have faked an accident to silence the banker.

As the car pulled into the forecourt of his home on Severn Road, Kennedy realised his world had changed, his mentor had gone. In a manner of speaking Fitzwilliams had been a dominant elder brother, suddenly the chain was broken, with Ireland, the City, his past, and the future was his.

## A LESSON IN SOUTH AMERICAN POLITICS

"Venezuela, has become a very dangerous place," Alfonso told Barton as he spread out his design plans, "in fact it has been classified as the most dangerous country in the world."

"How does this affect you?"

"Me? nothing, but we have a lot of illegal immigrants from Venezuela. The Venezuela-Colombia border is more than two thousand kilometres long; mountains, rivers and jungle. Very difficult to control. There's a lot of smuggling.

"Smuggling?"

"Yes. Gasoline costs almost nothing in Venezuela, about four cents a gallon, so a tank of gas sold over the border in Colombia, two-thirds of the going price in our gas stations."

"Where?"

"Cucuta, near the Simon Bolivar international bridge. They're called pimpineros, that's what we call the plastic drums ... pimpins. They make about two dollars a gallon."

"Is it serious ... I mean it can't be that much."

He laughed

"Serious? Yes it's a huge loss in tax revenue for the our government and a

loss for Venezuela because more the fifteen percent of the gas produced in their refineries ends up in neighbouring countries.”

“That’s huge. What does the law do?”

“Nothing, at least here. It’s been going on for years. But it’s not just gasoline. With their oil revenues the Chavez and Maduro governments used the money to win votes, under the guise of socialism. The smugglers sell almost everything, meat, rice, beer, even powdered milk and diapers, at half or even a quarter of Colombian prices. With all their political problems and the price of oil, their money, the Bolivar, has been devalued, making contraband gas and food stuffs even more profitable.

“It’s a disaster for Venezuela, there’s shortages of almost everything. Maduro’s government’s really in deep trouble and things are not about to get better. But we have to keep him happy because of the negotiations with the Farc being held in Cuba, with Maduro’s buddies.”

“Incredible.”

“It’s an institution. Everybody’s in on the act, government officials, police, criminal and even the Farc.”

Barton laughed.

“Yes. I’m sorry to say it’s part of our tradition in Latin America ... corruption.”

“What about emigration? Illegal or otherwise.”

It’s always been low compared to the USA or Europe. Who wants to come to a country that’s fighting against Marxist revolutionaries? Iraqis ... Syrians?

Barton nodded. He was beginning to feel depressed.

Seeing the Englishman’s face he changed tack. “Don’t worry Tom, the fact is immigrants arriving here come from Latin America, the US and Europe. We do have a few Arabs, but many are Christians, Lebanese. So integration’s not a problem.”

“Well I can’t say the same for Europe. If you take France, there are a lot of Muslims and they’re not integrated into the political system.”

“Here the Farc is a revolutionary movement fighting for social justice. There are no other connotations. Their ideology is Marxist. A kind of latter day Castro style Communism.”

“In Europe the party to which immigrants will adhere to has yet to be invented, and when that happens it will be radically different to our traditional political parties, almost certainly with some kind of Muslim

identity, which will inevitably be a cause of conflict.”

“Here in Colombia the question doesn’t exist. We are all Christians, Spanish speaking, and identify with Colombian history, even if it has been painful, and not some foreign religious ideology.

“The Pope and the Vatican are not foreign?” he said smiling

“Today no, the Pope’s Argentinian.”

They laughed.

“Of course. I see what you mean.”

“OK, let’s talk about your new home, Casa Verde, we don’t have to worry about Venezuela in Cartagena.”

## BANKING & ART

Pat Kennedy was preoccupied by the growing dilemma facing the Chinese financial system, its ever growing shadow banking sector and the fact that loans were increasingly used to roll over existing credit. It was estimated as much as seventy percent of new credit was going to pay interest and principal on existing loans and much of that was provided through the shadow banking system, that is outside of government control.

The shadow banking sector was born of the need to circumvent restrictions imposed by government and an ever growing demand for credit. Its development was such that it had even overtaken conventional banking as a source of credit.

The shadow banking system existed in a broad variety of forms: funds, trusts, brokerages, small lending companies and every kind of wealth management product on the market, often invented by the conventional banking system itself.

Regulators turned a blind eye to its extraordinary development and by doing so tacitly authorized its existence, whilst governments positively encouraged it.

These were facts that every banker was aware of. It was the proliferation and excessive use of these means concerned Pat Kennedy. INI itself was part of the system with its funds and wealth management products.

It was the unregulated and sometimes underground nature of the Chinese shadow banking system that made it a knee jerking subject. Many of the wealth management products offered by Chinese banks had the same damage potential as the products that precipitated the 2008 crash:

structured investment vehicles and collateralised debt obligations, both of which had been used by banks to keep loans off balance sheets.

Many Chinese banks attracted investors by telling them they could earn over ten percent on such products, which was possible given the country's exceptionally high growth rates. What many investors could not easily determine was the quality of such wealth management products, often stuffed with non-performing loans in risky companies.

Kennedy made a mental note to speak to Angus MacPherson the next morning on the matter. If as certain forecasters were predicting, a serious slowdown for the Chinese economy was on the books and, it was essential that INI Hong Kong ensure the solidity of its investments.

With that in his mind Pat set off for Sotheby's at One Pacific Place. An important auction of Chinese art was being held that evening and Lili's friend, Liu Sunfu, a collector from Shanghai, in town for the occasion, would be joining them.

Amongst the works that were to come under the hammer was a series of ink paintings by Qi Baishi, one of China's twentieth century masters who died in 1946, which according to Liu were expected to fetch several millions of dollars.

Once at the auction house, Pat forgot his banking worries. He was soon bubbling with enthusiasm in the hope of picking up some lesser known works for their new home in London. However, Liu quickly dampened Pat's exuberance when he spoke of the scandal that was rocking the world of Chinese art: the question of authenticity.

"The problem today Pat, is the market's is going a very difficult period," Liu explained. "Few people here in Hong Kong, not to mind London or New York, take China very seriously when it comes to authentication. I mean would you risk investing millions of dollars in fakes?"

Pat was startled. He had reason to be worried considering he was about to bid several hundreds of thousands of dollars for the works he had inspected at Sotheby's viewing.

The market was being destabilized by forgeries, a problem which in itself was nothing new. What was new was the quantity of high quality forgeries, which coupled with the vague records kept during the turbulent years of Chinese history, from the fall of the Qing dynasty to Mao's death in 1976, was enough to give serious collectors a nightmare. On the positive side there had been improvements in the market, but that was tempered by a flourishing industry which had emerged capable of producing the most

astounding forgeries.

The real problem however was China's art market was expanding faster than regulators could keep pace. The demand was spectacular as an ever growing number of Chinese nouveaux-riches wanted a piece of their now powerful country's cultural heritage.

Chinese art auctions had overtaken those of the US with a staggering nine billion dollars in sales, though in general the tastes of rich Chinese were in relative terms restricted in that they preferred traditional Chinese works.

"I'm sorry to say we've been extremely successful at making reproductions," said Liu. "Jingdezhen, which has been one of our most important porcelain making centres for more than a thousand years, is producing work that even our most experienced experts have difficulty in detecting."

Jingdezhen, the 'city of all day thunder and lightning,' located in the north-eastern part of Jiangxi province in Northern China was known as the porcelain centre of the world. It was where ceramic production started in the Han dynasty, two thousand years ago, thanks to the abundance of pottery clay in the region, but more especially, the Gaoling mountain, a source of pure kaolin, named after the mountain, the most important raw material for the manufacture of porcelain.

Pat nodded. He was acutely aware he was one of the world's nouveaux-riches with a bank account many magnitudes greater than his knowledge of art and in particular Chinese art.

"Sorry to say our artists are trained to imitate the old Chinese masters, that means they are very skilled in producing high-quality copies of paintings, ceramics and jade carvings. It's good for tourists, but bad for collectors when there's a great deal of money to be made by crooked dealers."

Lili had disappeared, off for the ritual of preening ceremony with influential friends and acquaintances gathered for such occasions, which were as much about social events for the rich as art or business.

Pat spotted Tom Barton and waved him over to meet Liu.

"Got your eye on something interesting Pat?"

"I'm not so sure," he said with a nervous laugh. "Sunfu tells me there's a lot of fakes about."

"So I've heard."

"Look's like I've got Mr Kennedy worried," Sunfu said with an embarrassed titter.

“I wouldn’t worry Pat, you’ve got a guarantee from Sotheby’s.”

“I suppose so,” he replied, though a hint of doubt lingered.

“Look at it this way Pat, you can afford to take a few risks.”

“What do you mean?”

“Well with the crisis behind us we can relax a little. I mean what have you got to lose?”

Pat smiled. Barton was right. In spite of negative mumblings things were looking up and what was two or three hundred thousand dollars compared to his burgeoning fortune.

Since marrying Lili, Pat shuttled back and forth between London and Hong Kong, where he had gained the confidence of her family, directing investments towards their business empire, profiting not only the bank but his own personal affairs. In spite of that there were days when he felt alone, nagged by a lingering doubt when he surveyed the riches and complexities of Hong Kong from his home in Victoria Heights, what if he was just a pawn in the wily hands of Lili’s family.

Pat had been encouraged by Lili to read *Midnight*, a novel written by Mao Dun in the early thirties, which described life in Nationalist China, where rich industrialists rigged markets and corrupted officials with scant regard for their workers, in a complex interplay between very wealthy families. Little seemed to have changed, it was if China had reverted to form, more modern, richer and more powerful.

Pat was surrounded by Lili’s family and business friends, he had no close family to speak of on his side, other than very distant uncles, aunts, cousins; he had felt closer to Michael Fitzwilliams, who he met in Boston when they were two young Irishmen learning the ropes of their trades far from the confinements of their respective, but different, backgrounds at home in Ireland.

“Where’s the buffet Pat?” asked Barton. “Let’s get something to drink before the show starts.”

Liu excused himself and the two Europeans headed towards the spread in the adjacent reception area.

The question as to whether the work they were about to bid for was a fake or not was foremost in the minds of a good many of the potential buyers present at the sale.

In the past fakes had gone virtually unnoticed, passing from one collector to another until a series of high-profile scandals broke. Not



long before, a Chinese oil painting sold for more than ten million dollars was exposed as a fake, produced thirty years after the artist's death by a student.

Rich Chinese saw the art market as a place to invest, but fraud was cooling their enthusiasm, something that encouraged Pat to think they would be keener to bank their money offshore in London, hedging against changing government policy in Beijing.

With a seriously overheated property market, compounded by a lack of enthusiasm for the stock market, investors were left with few alternatives, which is why many had turned to the art market.

"What are you looking for Pat?"

"Here?"

"Where else?" Barton said with a laugh, thinking Kennedy was as inscrutable as a Chinese.

"There's a couple of interesting Zhang Daqian paintings," he replied with the aloof air of a connoisseur.

Barton nodded in approval of Pat's newly gained knowledge in Asian art.

"He's a modern landscape painter," Kennedy added.

Barton had never heard of him, Chinese art did not really excite him, if anything it was Sophie's domain and her tastes were very European.

"Is the market here really that important?"

"You'd better believe it Tom, it's a multi-billion dollar business."

Barton wondered if he was exaggerating. But if what Kennedy said was true, it was a confirmation of the mind boggling dimension of the country and its wealth. In a few short decades a new class of very rich Chinese had sprung up from almost nowhere.

Statistics were faceless and the names of Chinese companies told him nothing about their owners; anonymous for the most part. But the individuals that gathered at Sotheby's sales in Hong Kong were real and as ever their wealth more than conspicuous. They arrived in Rolls, Ferraris and Mercedes accompanied by their elegant wives dressed in the latest fashions, adorned with gold and diamonds; husbands sporting exclusive watches, exuding the confidence of the very rich as organisers and flunkies scuttled around them.

As Barton observed the opulent scene, the reality of the transformation, which had taken place almost unannounced, sunk in. A new elite had appeared and were making their presence felt in domains that had been the

exclusive reserve of Europeans and Americans in modern times. The US had been surpassed in art sales and a new market had been created to feed the voracious demand for art by Chinese tycoons, banks, businesses and investors.

Pat found Lili in conversation with one of the organisers, a specialist in the history of Chinese art.

“Pat, you know Mr Zhan?”

“Yes of course.”

Kennedy had met Zhan at different gatherings in Hong Kong and was indebted to him for his introduction to the world of Chinese art and its long history.

“So Mr Kennedy, looks like an interesting evening.”

“Yes, and I hope I’ll be lucky enough to get what I want.”

“It’s not my role, but be careful if the bidding gets wild!”

They all laughed nervously remembering rumours of ‘stir frying’ that certain unscrupulous auction houses rigged the bidding.

Art collecting was nevertheless in its infancy in China with many nouveaux-riches acquirers being very inexperienced with little real knowledge of art and too much money to spend. It had become a craze in China with get rich quick aficionados of every ilk piling into the maker, mobbing auction rooms across the country. The prices of even modest cultural objects had exploded feeding the ancient Chinese tradition of gambling and risk taking as buyers bought with the sole idea of flipping their acquisitions to turn in a quick profit.

John Francis remembered Hong Kong thirty or more years before when Chinese art and antiques was the domain of arcane collectors. As a young man he had been introduced to Chinese ceramics by Kim Adhiyatman, head of Adam Malik’s cabinet. Adam Malik at that time vice-president of Indonesia owned the largest private collection of antique Chinese ceramics in South East Asia, and Adhiyatman’s wife had taken advantage of her husband’s position to build her own extraordinary collection.

Francis had collected cultural objects, mostly ceramics, ivories and textiles, in markets across South East and East Asia, picking up interesting pieces here and there for a few dollars. After China opened up there were many new opportunities, though he paid a little more in Beijing, when such objects were sold to mainly foreign tourists or exported to dealers in the US and Europe.

In those days serious Chinese collectors were mostly from Taiwan, Hong Kong or Macao when Mainland China was just emerging from the austerity of Maoism under the direction of Deng Xiaoping.

The Chinese art market did not really take off until 2004, when China's wealth was bolstered by booming Western economies, confirming its place as the world's leading manufacturing and exporting nation, at the same time as Europe fuelled its own bubble, abandoning large swathes of its manufacturing sectors by investing in services led by banking and property construction.

Hundreds of Chinese auction houses had since sprung up, the largest of which being billion-dollar businesses having links to the ruling elite, establishing offices in major foreign capitals.

Kennedy reassuringly told Barton: "Don't worry Tom, I'm not going to mortgage our home in London to buy a couple of fake paintings."

Lili frowned at the very thought.

"Maybe I'll just offer them to the minister next week, when he signs up for the deal in London," he said lowering his voice. "They call it yahui, that means elegant bribery."

"Yah ... what?"

"Shush," said Lili with a serious frown.

"It's a kind of baksheesh," said Pat lowering his voice. "Giving a valuable piece of artwork for favours. Lili's father tells me it's as old as the hills, goes back to the Ming Dynasty."

"I see," said Tom Barton discretely, as though they were conspiring together.

"They're cracking down on it ... even have spies at auctions."

"Why?" asked Barton puzzled, "it was not as if paintings would be given away in public."

"It's to know how much artwork is sold for and by who. In a way selling a paint is like cashing a cheque."

"Okay."

"So when ministers and high officials retire they sell their collections, or at least part of them. Now they're afraid to sell them at public auction, so they use middlemen. The trouble is it distorts prices, as businessmen snap up pieces sold by their friends."

"I get it, very clever. So objects are deliberately overpriced."

Yes. Some of the gifts are forgeries, which are bought back at auctions by

the same businessmen.”

“Laundering.”

“Not even that, just pure corruption, they were worth nothing in the first place, it’s plain bribery.”

Lili made an urgent sign to Pat who had raised his voice again. “You want someone to lose his head Pat!” she hissed with pretended concern.

It was a well known fact that government officials had their finger in the pie, using frontmen to buy and sell works to camouflage bribery and corruption.

“Today clever forgers are turning their attention to foreigners, like those two naïve princesses over there,” Pat said nodding in the direction of two overdressed Middle Eastern looking women.

“At least they’ve brought an expert with them,” said Lili, recognising Alexis Poniatowski a London art specialist with them.

Poniatowski was accompanied by three women: two were exotic and richly dressed; the third, stylish, though in subdued manner compared to here friends, was European.

“Mr Kennedy, let me introduce you to Princess Ameerah al-Taweel and Princess Iffat Al-Thunayan.”

Pat, instantly recognising them as Saudis, gracefully bowed.

“And this is Agnes de la Salle, Comtesse d’Urtubie, from France.”

To the amusement of Agnes, Pat offered a baisemain.

“The princesses are amateurs of Chinese art.”

They both nodded enthusiastically.

On closer inspection Pat noticed they were younger than he had imagined at first appearance. Perhaps it was their style that made them look older, a little too fashionable and a little too much jewellery.

“We are looking for something to decorate our new Paris apartment.”

“Ah, I hope Alexis can help you.”

“I hope so too. Agnes is our expert. She’s with the Musée Cernuschi in Paris.”

“Mr Kennedy is a collector.”

“From where?” asked Princess Ameerah.

“Hong Kong and London.”

Lili, her curiosity aroused by the three women’s interest in Pat, arrived, took her husband’s arm possessively.

“Let me introduce you to my wife.”

The women exchanged polite nods.

These princesses are from Saudi Arabia.

“How nice,” Lili said. “Do you speak Cantonese?”

“I speak a little Mandarin,” said Agnes.

Lili turned to Pat and with a smile whispered in his ear, in Cantonese: “I’ll leave you with your princess, fakes like our more recent antiques.”

“Please excuse me,” she said. “I hope you find something interesting. We have some excellent creators, past and present.”

## HONG KONG

Jardine Matheson was familiar to Pat Kennedy, and it had every reason to be, Jardine House was the home to INI Hong Kong, a fifty two storey tower situated in Central at 1 Connaught Place, the tallest building in Hong Kong at the time of its construction.

Jardine Matheson Holdings, a conglomerate incorporated in Bermuda, one of the original Hong Kong trading houses or Hongks, dated back to Imperial China, still earned over forty percent of its profits in China. After more than two centuries existence it was still controlled by the Keswick family, descendants of co-founder William Jardine’s older sister.

Jardine Matheson, or simply Jardines, was all that remained of the old Hongks and their family associations, rather like the Wu’s, which included bothers, sisters, uncles, aunts, cousin and in-laws on their company’s roll call where kinship was the general rule. European business heads, like Pat Kennedy, were known in Hong Kong as taipans.

In the early years of the third millennium Hong Kong was a kaleidoscope of cultures and languages, though ninety percent percent of its people were Chinese, speaking many languages including, variations of Cantonese, Mandarin, Hakka, Hokkien and many other dialects that were totally ignored by foreigners. The vast majority of Europeans spoke little or no Chinese, a few expats took lessons in Cantonese, others in Mandarin, but few were fluent.

The Chinese educated classes, many of whom studied in the UK or the US, some in Swiss finishing schools, were Europeanised or internationalised, speaking excellent English, in addition to Cantonese, Mandarin and their local dialects.

Hong Kong was not affected by China's one-child policy which had been in place for over thirty years, which meant that before 1980, most families had more than one child.

Lili was born of her father's second marriage and had two step brothers from the first, both of whom had been born before the law came into force.

After that date Chinese families were one child families, with the exception of those in isolated rural districts. This gave rise to what was called the 4-2-1 dynamic: four grandparents, two parents and one grandchild, on whom was bestowed the entire family wealth.

On matters of religion the Chinese remained devoted to their families and ancestors with old Confucian ideas making their return. Mainland China however has been governed since 1949 by the Chinese Communist Party, an atheist institution that prohibited party members from practicing religion while in office, though in recent years there had been a return to Confucian traditions. Hongkongers on the other hand had always continued to pray to their multifarious gods.

Though three hundred thousand Hongkongers were Christians or Muslims, a great many more were Daoists or Buddhists and a pantheon of dozens of divinities was supplicated daily for favours: gods of wealth, gods of happiness, of mercy, long life, wisdom, kitchen gods, sea gods and earth gods, all were part of a long list.

As to Europeans, the better off amongst them spent Sundays on their roof terraces and the rich, like the Kennedys, in their extravagant pent house gardens entertaining friends as the sunset over the hills of Lantau Island. The Kennedys, and other who could afford it, often enjoyed weekend boating in Repulse Bay, the East Lamma Channel, or around the islands off the southern coast of Hong Kong Island. Depending on their means they owned launches, yachts or motorized junks. The larger more luxurious junks were attended by trimly uniformed Chinese boat crews, who served the owners under white canvas awnings suspended over the high poop decks, where tables were laid with white tablecloths, silver cutlery and fine glasses with wine at the ready in silver coolers while the younger women were stretched out sunbathing on the prow.

There was also Happy Valley Race Course, one of the most famous horse racing venues in the world, a meeting place for rich and poor alike. Before the handover in 1997, it was said that Hong Kong was ruled by the Jockey Club, the Hong Kong and Shanghai Bank and the Governor ... in that order.

Behind the glamour of Hong Kong lurked the triads, secret societies, a

kind of Mafia, with over fifty gangs and one hundred thousand or more members engaged in huge variety of illegal activities. Some of these, such as the Sun Yee On society, played a more or less visible role in the community, with emanations reaching out into every corner of China and beyond. Corruption was also omnipresent, traditionally known as cumshaw, squeeze or tea money.

Many Hongkongers and visitors like Tom Barton enjoyed an evening walk in the warm humid air along the Kowloon waterfront, watching ships pass by, and ferries toing and froing against the fabulous backdrop of Hong Kong Island with its spectacular display of lights. Every year many thousands of ocean-going ships entered or left Hong Kong Harbour, providing a permanent around the clock spectacle.

Almost twenty years after the transfer of sovereignty, Hong Kong retained its economic power, with its four hundred plus square miles of territory and a population of over seven million, an integral part of China, a Special Administrative Region of the People's Republic of China.

Since his move to Hong Kong Kennedy's latent hostility towards the City of London and the British government had grown. London was a good place to live, but doing business there had become seriously risky. Of course Hong Kong was not without risks, which explained his interest in developing the bank's business in the Caribbean, in this way he was no different to many of the Chinese and Russians he had got to know, for whom a last resort safe haven was a must if things went wrong, as he knew they eventually would.

His references were City & Colonial and HSBC, both banks had long links to the former colony. The former was founded in London, but its business was built around East Asian trade, the latter in Hong Kong. Both worked in their different ways, both were amongst the world's largest. However, HSBC had a schizophrenic relationship with its former colonial home, where its biggest subsidiary was already based and supervised by the Hong Kong Monetary Authority.

Under the Wu family INI Hong Kong thrived in greater China, like its larger competitors, though it was small fry compared to HSBC, whose balance-sheet was nine times bigger than Hong Kong's GDP.

# Chapter 11

## PANAMA

The heads of state gathered together for the VII Summit of the Americas in Panama were the guests of President Juan Carlos Varela, at a state dinner held in Panama Viejo's historical park.

The park was the site of the first Spanish settlement on the Pacific coast. It was founded in 1519, and became an important port for galleons arriving from Peru and Bolivia laden with gold and silver.

At the beginning of 1671, the Welsh pirate, Henry Morgan<sup>1</sup>, attacked the city with one thousand two hundred men after marching across the jungle covered isthmus from the Caribbean coast. Morgan sacked the city, terrifying its ten thousand souls, raping, burning and killing. Many of those taken prisoner were sold into slavery.

During the attack the Spanish defender, Captain General Don Juan Pérez de Guzmán, blew up the gunpowder magazines in the desperate hope it would frighten off the pirates, but the fires and explosion destroyed the city. It was rebuilt at a more defensible site to the west, a peninsula, around which was built a system of walls and fortifications: the present day old town of Panama City, Casco Viejo.

Pat was fascinated by the story of Henry Morgan, who also sacked Granada, the rich colonial city founded in 1524 by Francisco Hernández, situated on the shores of Lake Nicaragua.

In December 1663, Morgan and his men made their way up the San Juan River, crossed the lake to reach its eastern shores, where with their Indian guides trekked through dense unexplored jungle to reach their objective. After a journey fraught with dangers, Morgan launched a lightning attack on the city, hitherto reputed to be impregnable. The Spaniards were taken by surprise and after a short fight its defenders were neutralised rounded up and locked in the cathedral. The Spanish inhabitants fled whilst Morgan and his men plundering the city with its churches, monasteries and colleges, leaving loaded with gold, silver, jewellery and other valuables.

It was the start of Morgan's long and notoriously successful career as a privateer on the Spanish Main. Henry Morgan, the son of a Welsh farmer, was knighted by King Charles II, and became Lieutenant Governor of Jamaica where he died a rich man in 1688.



After being shanghaied to Barbados, where he was indentured, his career as a soldier commenced when he was pressed into an army led by General Venables and Admiral Penn, sent by Cromwell in 1654, to capture Santo Domingo from the Spanish. After being repulsed the English forces found refuge on nearby Jamaica, a backwater of little interest to the Spanish, where some years later Morgan set out on his own singular career as a privateer: an adventurer licensed by the Charles II to attack and capture enemy ships, as part of cash strapped England's attempt to pursue its plan to grab part of the action from the rich and all powerful Spanish Empire in the New World.

The main event of the 2015 summit was the consecration of the reconciliation between the US and Cuba, when the American leader declared the days of US meddling in Latin American affairs relegated to history. Panama's past had been part of a long history of Yankee skulduggery in Latin America. It was marked by the Spanish-American War with the protectorate of Cuba and its subsequent independence; and the secession of Panama from Colombia and its independence.

In 1903, a treaty between the US and Colombia granted the use of the Isthmus of Panama to the US and was ratified by Washington, Colombia however was not satisfied by the terms and demanded the conditions be renegotiated. The US refusal signalled a Panamanian rebellion, encouraged by Washington, leading to the independence of the Isthmus from Colombia which was powerless faced with the overwhelming supremacy of the American navy.

Just a few shots were fired with one casualty, who Pat Kennedy learned was an unlucky bystander, a certain Mr Wong, a Chinese citizen, who was killed by a shell fired from a Colombian gun boat.

The untimely death of Mr Wong, written Wáng in standard Mandarin, seemed at first glance like a bad portent, but Pat recalled his visit to the canal museum at Miraflores, where he learnt thousands of Chinese had worked on the construction, and many of them had left their bones. He brushed the idea aside, after all Wong or Wang was a very common Chinese name.

Following Panama's declaration of independence, Washington moved fast and barely two weeks after, the newly created state, the República de Panamá, signed a treaty granting the US exclusive and permanent possession of the Canal Zone against a payment of ten million dollars in exchange, and an annuity of a quarter of a million dollars starting nine

years after; the time deemed necessary to finish the canal commenced by Ferdinand de Lesseps ten years earlier.

It was the start of a long and contentious presence of the US, which finally ended when the canal was ceded to the Panamanian government in 1999 by Jimmy Carter.

Obama's words were not lost on those present and more especially on Pat Kennedy, who saw it as a positive sign for the Nicaragua transoceanic canal. Whatever the economics on its viability or its environmental impact, the US would not intervene ... at least be seen to do so directly.

<sup>1</sup> LIFE OF SIR HENRY MORGAN by E. A. Cruikshank 1935 The Macmillan Company of Canada Ltd 1935 See Gutenberg Project

## ANOTHER PASSAGE

Rio Brito was a muddy stream that flowed into the Pacific at the narrowest point of the Rivas Isthmus in the south of Nicaragua. It was the spot chosen to build an ocean port at the entry to the planned transoceanic canal. From Lake Nicaragua the river disappeared into the dry savannah-like woodland areas to the west of Rivas, an unremarkable small town crossed by the Pan-American highway.

Before the construction of the Panama Canal, the only alternative for American transcontinental transport was by sailing ship around Cape Horn, a hazardous voyage for sailing ships, and even after the arrival of early steam ships the journey was long and fraught with danger.

Before the North American transcontinental rail-road was built there was an alternative route that had existed since the time of the Conquistadors: the overland route via the Rio San Juan in Nicaragua, which became an important passage for travellers between New York and San Francisco wishing to avoid the treacherous Cape.

In the middle of the nineteenth century the commercial exploitation of this route was granted to the American shipping magnate, Cornelius Vanderbilt, by the Nicaraguan government. Ships from New York sailed up the San Juan River from the Caribbean to Lake Nicaragua and across to Rivas, where passengers and goods were transported overland to the Pacific, across the low hills of the narrow Istmo de Rivas, to the Pacific by mules trains, horses and stagecoaches.

Napoleon III formed the Nicaraguan Canal Company in 1869, but his project came to nothing when he was deposed after the Franco-Prussian War that ended in the Emperor's humiliating defeat and exile. Any further idea to build a canal in Nicaragua was abandoned due to the country's chronic instability, which forced governments, businessmen and investors to seek an alternative route, finally choosing Panama as the site to build their transoceanic canal.

San Juan de Nicaragua, situated at the mouth of the Rio San Juan, formerly known as San Juan del Norte or Greytown, on the Caribbean coast, was founded by the Spanish explorers who arrived in 1539.

Later the small town fell to the English, who, with Miskitos and Zambos: descended from African slaves, controlled the Miskitos Coast on and off until the independence of Central America from Spain in the aftermath of the Napoleonic Wars.

In 1848, the British took control of the town and renamed it Greytown, attaching it to the Miskito Kingdom, a British protectorate to the north.

Soon after Cornelius Vanderbilt set up his shipping company in Greytown and the town became the eastern terminus of a booming transoceanic link, with tens of thousands of travellers passing through each year on their way to the Pacific during the California Gold Rush.

Sailing ships and steamers from New York and New Orleans docked in Greytown where passengers and goods were transferred onto river boats that made their way up the San Juan River past dense tropical jungles to San Carlos on the shores of Lake Nicaragua, which, almost thirty three metres above sea level, drained into the Caribbean via the Rio San Juan.

At the time when Vanderbilt's company transported passengers overland from the lake shore to the Pacific, a plan to build a canal had already been envisaged. However, when construction of the Panama Canal started the plan was shelved. Then, to pre-empt competition with the Panama Canal, a treaty was signed with the Nicaraguan government in 1916, giving the Americans exclusive rights to build a canal along Vanderbilt's route. It was not until 1970 the treaty was finally rescinded, leaving the door open to other projects.

Hernán Cortés is said to have written to the King of Spain: He who possesses the Rio San Juan could be considered the owner of the world.

\*

Pat Kennedy drove from Managua to San Carlos, where a fast launch was waiting for him at the point where the lake emptied into the Rio San Juan.

He had planned an expedition, more like an excursion, to explore one of the proposed routes for the canal as part of his ad hoc fact finding mission, which he deemed necessary before investing time, effort and money in Wang's canal project.

San Carlos was not like he expected, it was a muddy shanty town with tumbledown shacks and shabby wooden buildings perched on stilts over the river banks. There he changed boats for the journey would take him nearly two hundred kilometres, through what was a vast nature reserve; an uninhabited pristine tropical jungle, to Greytown, where the river, which some called el Desaguadero, drained the lake into the Caribbean.

The first leg led to El Castillo seventy kilometres downstream, a couple of hours from San Carlos. The once powerful Spanish colonial fort with its thirty two canons, the bane of river pirates, was perched on a grassy knoll overlooking a cluster of gaily coloured houses that lined the banks of the river. The Castillo de la Inmacula was a sombre, moss-covered mass, built to dominate the strategic junction on the river where the crocodile infested rapids formed a natural barrier, making it easy for the Spaniards to intercept enemy ships, where only experienced boatmen could navigate the treacherous stretch of the river.

From then on any remaining vestige of civilisation was left behind as the river wound its way deep into the jungle. On either side of the muddy green waters of the river lay a dense rain forest, silent except for the cries of birds and the whooping of howler monkeys.

Mark Twain, one of Vanderbilt's passengers on his Rio San Juan riverboat steamer, wrote a description of the area in 1886:

*Dark grottos, fairy festoons, tunnels, temples, columns, pillars, towers, pilasters, terraces, pyramids, mounds, domes, walls, in endless confusion of vine-work-no shape known to architecture unimitated-and all so webbed together that short distances within are only gained by glimpses. Monkeys here and there; birds warbling; gorgeous plumaged birds on the wing, Paradise itself, the imperial realm of beauty-nothing to wish for to make it perfect.*

Travelling from West to East in the middle of the nineteenth century was the Russian revolutionary, Mikhail Bakunin, who crossed Nicaragua on his way to New York and Europe, from Siberia via Japan and San Francisco to spread his ideas: that revolution was instinct and not thought; destruction so long as there was anything to destroy; and rebellion when there was

nothing to rebel against. All of which was to Karl Marx's orderly mind midsummer madness.

Bakunin could have never imagined teams of Chinese engineers, geologists and environmental specialists from Communist China, working on plans, mapping topography, in preparation for an invasion of giant earth movers, for what would be one of the largest engineering projects the world had ever seen, comparable to China's gigantic Three Gorges Dam. The future canal would be capable of handling supertankers and giant container ships of much greater tonnage than the Panama Canal, even after its multi-billion dollar expansion.

As Pat Kennedy poured over the technical, financial, environmental and commercial feasibility studies, he recalled all such mega projects such as the Aswan Dam and the Three Gorges Dam had been derided by experts of every ilk, who predicted doom and disaster. That did not deter Pat, to his mind it was a noble cause that would pull millions of Nicaraguans out of their misery.

Even the existence of two volcanoes rising above Ometepe Island on Lake Nicaragua did not deter the investors, though the volcanoes were a permanent reminder that Nicaragua straddled an active geological hot spot with all its inherent risks.

## BRICs

It was a strange feeling, from where he stood in Nicaragua, the rest of the world seemed far away, indeed so far away that Kennedy had almost forgotten it. What Pat could read in the newspaper headlines, or the text that ran by under news reports on local television, concerned exclusively the Latino world. It was logical when he thought about it, after all it was vast: a continent running from the Grande Canyon to the Antarctic and englobing most of the Caribbean, sharing the same civilisation, greater than that of Anglo-Saxon North America, vaster in geographical terms than China, Europe, Australia and the Middle East combined, and with immense mineral resources, agricultural lands and human wealth.

News of Ukraine, Syria and other flashpoints was eclipsed by events such as the inauguration of the newly elected president of Uruguay; the capture of Mexico's most wanted drug lord, capo of the Knights Templar drug cartel; food shortages in Venezuela; and the growing economic problems of Brazil.

What brought him back to the problems that more directly concerned him, was a report that Russia had offered to supply arms to Argentina on a lease-lend agreement, including a squadron of Sukhoi Su-24 supersonic, all-weather attack aircraft, which could only reinforce Buenos Aires' claims to the Falklands.

Perhaps Putin was grabbing at straws, but it was nonetheless worrying given the sabre rattling of Cristina Fernandez de Kirchner, a distraction in the imbroglio surrounding the mysterious circumstances of Alberto Nisman's death, a crusading prosecutor who had dared accuse Kirchner of attempting to cover up Iran's suspected role in a deadly attack on the Argentina-Israel Mutual Association in Buenos Aires in 1994, one of the deadliest terrorist bombings in the country's history.

It seemed Argentina was as desperate for allies as was Russia. Both were in dire economic difficulties. Argentina's a long running story compared to Russia's, the latter until recently one of the booming Brics. With the commodities crash the once glorious Brics had become one of what the financial press was calling the Fragile Five

Pat savoured the sobriquet, coined by a research analyst at Morgan Stanley. He loved buzz words especially those with technical connotations. Brics was out. Fragile Five was in. Or was it six he wondered mentally listing the countries: Turkey, Brazil, India, South Africa, Indonesia and Russia. In any case all fading stars, their currencies on the slippery slope after the collapse of commodity demand.

## BASQUE COUNTRY

After a few days of wet Atlantic weather the sky brightened and the temperature shot up into the mid-twenties. Spring had finally arrived in the Basque Country and as Marie-Claire set her sights on the local tennis tournament, Jack Reagan took Robert Moreau up on his offer: a run down to Getaria on his new toy, a high powered Italian rigid-hulled inflatable.

The green landscape offered a very pleasant change from London where Reagan had been setting up an offshore company with his accountants to reduce the growing burden of taxes as Labour seemed set to win the coming elections. Polls and forecasters were undecided and the possibility of a hung parliament did not bode well as Nigel Farage's UKIP and the Scottish National Party threatened to upset the traditional left-right balance. In France things were not much better as the country vacillated under

François Hollande; Mr Nice had promised a lot, especially a clean government, which now seemed to be anything but that.

The boat's rigid hull sliced smoothly through the waves with remarkable stability even at seventy or eighty kilometres an hour. Reagan hung onto a handgrip beside Moreau, who stood at the wheel grinning as they plunged through the foam. The boat was equipped more like a go-fast than a pleasure boat and Reagan soon found himself hanging on for life as Moreau accelerated and swerved to avoid swells and waves putting the boat through its paces.

It was thirty kilometres to Getaria, half an hour of sport, past the sloping slab-like, mille-feuille cliffs and small creeks, past the natural channel between the mountains that led to the ports of Pasajes, past the islands and peninsula that protected Bay of San Sebastian and finally into the small fishing port of Getaria.

Moreau was delighted by the performance of his boat. Almost addicted to speed and danger he carefully measured risk; as a diver his life could depend on his finely honed judgement.

After securing the boat, they made their way along the quay and wandered up the slope and through the arched gate set in the ramparts of the old town. There Moreau chose a restaurant terrace from where he could survey his toy. Times were still hard in Spain with unemployment standing at twenty six percent, fifty for the under twenty fives, and any one of the boat's numerous hi-tech accessories could fetch enough cash to see a hard-up Moroccan or Latino immigrant through the summer.

The continuing crisis hit many small property developers who had seen Hendaye as an Eldorado, many of whom went bust. Others were in hock to the banks with huge debts as the value of the land they had bought or the properties they had built plunged by more than thirty percent in value.

For a brave investor, with money to spare, it was the moment to make a killing. But Jack Reagan was not tempted, things were looking up for him in London, where the value of his central London properties had shot up. The prospects in the UK were not looking bright as Labour seemed poised to win the election, but whatever happened London and the South East would, as usual, be relatively unaffected.

Nevertheless, Reagan had the impression that the Spanish economy had turned a corner. One of his friends from San Sebastian had recently picked up a handsome flat in Benidorm, which in spite of its reputation was packed to overflowing as tourists deserted North Africa and Greece: high

rise condos were appreciated by certain Spaniards in the same way Miami was by Americans.

Property buyers from Northern Europe were also making a timid appearance, especially those from the UK where the strong pound made prices fifty or more percent less than in 2008.

As Reagan looked around things were definitely more buoyant, perhaps it was the warm weather, but people seemed to have money to spend, the restaurants were busy, more than he had seen for the past three or four years, in addition prices were low, almost ridiculously so compared to London, certain restaurants and bars proposed lunch at twelve euros: starter, main dish, desert and wine. Robert assured him not only were they inexpensive, but the food was good.

They chose a sea food restaurant that enjoyed a good reputation for its quality. Every morning fresh fish was bought directly in the port just fifty or sixty metres beyond the ramparts when the fishing boats returned each morning after a night at sea.

Moreau order a bottle of Txakolí, a young, fruity, local white wine and poured two glasses. His own was symbolic, as a diver he avoided alcohol and excesses. After tasting the wine they then inspected the display of fresh fish: a sar for Moreau and a merluza for Reagan, and watched as the restaurant owner prepared them, then placed them on the grille over a bed of glowing charcoal embers.

The crowd was the same that Reagan had seen on his previous visit to Getaria in September, the difference this time was visitors, after stopping to inspect the menus displayed outside the restaurants, went in. Spain, a proud country had been forced to swallow the harsh medicine imposed by the ECB and Germany, and now their efforts appeared to be bearing fruit.

The two friends exchanged stories of pre-crisis Spain, when money was as abundant as the Iberian sunshine, when Spaniards thought they had made it, believing the bad old days of the more distant past had gone forever, it was a time when their economy boomed, with jobs for everyone and more. The return to reality was brutal and the diet draconian.

“So how’s the diving?” asked Reagan as the waiter prepared his merluza.

“There’s not many fish, too many divers. That’s why we’ve decided to go to Panama with Johanna, you know, the vet from Toulouse.”

“Yes, of course.”

“She’s found a couple of good places ... Santa Catalina and Bocas del



Toro.”

“Panama,” Reagan said pensively.

Have you ever been there?

“No, but I’ve heard it’s a great place to open a bank account.”

“Well, Pat Kennedy’s there at the moment.”

“I thought he was in Hong Kong.”

It’s his new thing.

Knowing Pat they both laughed.

“What about Tom Barton?”

“Well he’s not with Sophie Emerson now.”

“No, it seems they’ve gone there own way. Still friends it seems.”

“Pity.”

Reagan had become friendly with Tom Barton after being introduced to him a couple of years earlier by Moreau. The two had much in common, they had both had grown up in London and both had French partners ... at least at the time. That was nothing really very extraordinary, but sufficient for most people to feel connected by their common experience. In addition to that and by a much more unusual coincidence the two men had, in quite different circumstances, links with the small Caribbean island of Dominica.

“Tom invested quite a bit in Miami I heard.”

“That’s right, when property prices collapsed he picked up several nice appartments for next to nothing, now they’re worth ten times more.”

Moreau had survived the crisis for the simple reason his money spinning pharmaceutical firm would survive any crisis given the France’s penchant for medicine, which almost verged on hypochondria. He had speculated on property, a little further to the north, in Biarritz where many Russians had invested heavily the luxury property residential market.

A lot of things had happened in the previous five years, events that made Jack Reagan think twice when it came to parking his money. There was the lesson of Cyprus, where Russians were taken to the cleaners after its banking system collapsed. Many Russians had used Cypriot banks as a convenient conduit to the EU.

“I heard Jameson is somewhere in the Caribbean enjoying his ill gotten gains.”

“What about Halfon?”

“They say he’s in Senegal promoting holiday homes. Seems to be doing

well with people avoiding North African tourist spots.”

“Personally, I’ll stick to France and Spain,” said Moreau, “at least as far as property is concerned.”

The impression that things were picking up again was marred by a nagging question, which left Jack Reagan wondering whether he would be needing a new passport? Perhaps Irish. The House of Commons had voted a new law with a referendum on the UK’s continued membership of the EU. The law passed with three hundred and four votes to zero and opinion polls showed the outcome as very much an open question.

## BORDEAUX

Pat Kennedy had taken Wu’s advice by investing in the French wine growing region around Bordeaux. Chinese buyers had become enamoured by wine, as China became one of the world’s largest markets, which had encouraged their rich investors to buy a hundred or so vineyards in France, some of which were renowned. The figure could have seemed high, but considering there were over seven thousand wine producers in the Bordeaux region alone, it was negligible.

Pat had bought a gracious eighteenth century house set in a domain overlooking the Garonne. It had been built by a Portuguese banker, whose family had occupied it for almost a century. However, it was not just the house that mattered, which was described as a château as were many such houses, what mattered was its vineyards, part of a large vast domain that backed onto those of Château d’Yquem.

During the nineteenth century a Spanish-Argentinian family of negotiants bought the house and lived there the Nazi occupation, when the last remaining members of the family in France, two brothers, were forced to flee.

The Wu family celebrated the acquisition of the domain in grand style inviting the mayor of the small town. Not only their own wines were served, but also those of surrounding châteaux: Lupiac, Cadillac and Sauternes. Fois gras and pheasant from the Landes was served. The event was marked by the christening of their daughter Lily Rose at the tenth century Romanesque church at nearby Rions, where Kennedy and the Wu’s were made welcome by the mayor and the curé, though certain locals saw the presence of a Chinese family and their friends as a sign that France was being sold off to foreigners. Pat reassured the mayor and his neighbours

that the domain was not about to be shipped off to China.

The arrival of an Irish catholic pleased the curé, since the previous owners had always maintained their links with the Church. It was a region where Christianity was in the soil, where wine was the blood of Christ, where traditions were engraved deep in the minds of families.

Pat delighted in explaining the first owner, the Portuguese banker, was not unlike himself, at least his profession, business that is, because strangely enough the original owner was a Jew, who had not sought to change those around him, and Pat promised he would do the same. The banker had lived in harmony with the country he had chosen, extending the house with a classical Romanesque style wing, as opposed to the rough hewn stone of the original building, and a finely sculpted architrave bearing the family arms, adding stone fireplaces surmounted with genteel motives carved in plaster, and an elegant stone stairway to the first floor.

Below, beyond the gardens, the Garonne flowed past to the port of Bordeaux, from where the previous owners had no doubt exported their wines, a city through which had transited African slaves, coffee from South America, chocolate from West Africa and rubber from Vietnam.

The locals had not changed their way of living during the two centuries that had passed since the château was built: they were cabinetmakers, masons, gardeners, vineyard owners and workers, boatmen, haulers, farmers, merchants, inn keepers, and for the gentry there were even piano tuners. Nothing changes like changes, because nothing changes but the changes, noted Pat.

## BOGOTA

Whilst Kennedy thought about his coming meeting with Wang Jing, O'Connelly was in Columbia once again, but this time to attend a book fair in Bogota.

At the other end of the world, from O'Connelly's immediate concerns, François Hollande was being fêted in like an oriental potentate by the Emir of Qatar, where he had flown in to sign a contract for the supply of two dozen Rafale fighter jets for the emirate's air force.

A couple of hour flight to the north-west of Qatar, civilians in Aleppo, Syria's second largest city, were suffering unimaginable atrocities, as Bashar Assad's forces stepped up their bombardments on the rebel held

city with barrel bombs: oil barrels, fuel tanks or gas cylinders packed with explosives, fuel, and metal fragments. Their targets included: markets, bus and taxi stations, mosques, hospitals, medical centres and schools.

The vast majority of fatalities were civilians including many children, as Aleppo, Syria's industrial and financial centre, was systematically destroyed. The world, and notably the Arabo-Islamic world, had turned its back on the tragedy in a cold-hearted display of indifference, preferring to spend its billions on deadly weapons.

Even in Bogota O'Connelly felt the pain of such barbarity, but Colombia had had its own problems, a vicious war that had taken decades to resolve. For the moment his attention was concentrated on the International Book Fair at the Corferias Exhibition Centre in Bogota. It was one the most important literary events in Latin America, during which he planned to carry out some search his new novel as well as getting together Tom Barton.

The book fair got off to an inauspicious start when a signed first edition of the novel *One Hundred Years of Solitude* by the Colombian author Gabriel Garcia Marquez was stolen. A pity since the fair, was dedicated to the memory of Garcia Marquez, winner of the Nobel Prize for Literature in 1982, who died the year before at the age of eighty seven.

O'Connelly was a fan of South American writers, including another Nobel Prize winner: Mario Vargas Llosa, whose concerns about the world appealed to him:

*Si el mundo sigue el proceso en el que la palabra escrita es reemplazada por la imagen y lo audiovisual, se corre el riesgo de que desaparezca la libertad, la capacidad de reflexionar e imaginar y otras instituciones como la democracia.*

Francis was old enough to remember the Cuban Missile Crisis, a moment when the world looked nuclear destruction in the face: apocalypse, tens of millions of deaths and even more agonisingly from the effects of radiation and the terrible hardships of an inevitable Nuclear Winter. To someone of Liam Clancy's age it was almost pure science fiction, a scenario straight out of a Hollywood disaster movie; he was too young to have remembered Stanley Kubrick's film *Dr. Strangelove or How I Learned to Stop Worrying and Love the Bomb*

To all the others present: Barton, Kennedy and O'Connelly, they had barely known the Cold War, when the US and the USSR stared each other

down, their fingers on the buttons that could have launched a storm of ICBMs: American Polaris and Minuteman or Soviet SS4 and R30 missiles, that would have certainly sent the world back to the Stone Age.

In 2015, as negotiations were being finalised in Cuba for the normalisation of US-Cuban relations, an hours flight from Cartagena, those who remembered the drama of the Cuban Missile Crisis were enjoying their retirement, and its principal actors long dead, with the exception of Fidel Castro - a frail, trembling ruin of his once fiery self.

What worried Francis was the recent turn of events in Moscow that brought the threat a new confrontation. Not that Russia had the economic power to face off the US, but there was its nuclear arsenal, the world's biggest, and a substantial rearmament programme. Come what may Vladimir Putin was bent on taking his country down the dangerous path of nuclear blackmail.

## A GALLEON

Pat first met John Ennis in Hong Kong at a Sotheby's sale. Ennis, a wealthy Parisian gallerist, had become an international celebrity after his fortuitous exploits in Borneo had made world headlines following an astonishing palaeoanthropological discovery<sup>1</sup>. What fascinated Pat was not his anthropological discoveries, but his underwater exploration of treasure laden junks in the South China Sea. Not only gold and silver, but rare Chinese porcelains, the estimated worth of which was put at hundreds of millions of dollars.

Pat was plunged into his canal project when he received a cryptic message from Ennis inviting him to Cartagena. An early eighteenth century wreck had been discovered off the Colombian coast: a galleon loaded with a rich cargo of treasure.

The Spanish galleon had been found near Cartagena where it had been sunk by an English fleet during a battle in 1708. The San Jose was part of a Spanish fleet that had set out for the long voyage to Spain loaded with gold, silver, emeralds and valuable Chinese porcelain, but was ambushed and attacked off the Islas del Rosario. A few miles out from Cartagena, Commodore Charles Wager, with four English warships under his command, including HMS Expedition, led the attack on the San Jose, to capture its precious cargo. Unluckily for him it blew up and sank.

Ennis described the San Jose as the holy grail of undersea wrecks, a

seventy metre long Galleon armed with sixty four cannons, which had been carrying six hundred crew and passengers, en route from Portobello, on the coast of what is now Panama, to Cartagena and then Spain.

The treasure from King Philip's vast, rich, New World Empire, had been lost when the San Jose was mortally hit by a broadside, going down almost immediately and carrying her treasure to the bottom of the Caribbean Sea. Ennis informed Kennedy that sonar images showed gold chalices and coin had been found on the wreck together with bronze cannons, porcelain and other artefacts.

The news coincided with extraordinary eruption of the 1,297 metre high Momotombo Volcano, not far from the city of León on the shores of Lago de Managua in Nicaragua. To Pat's vaguely superstitious mind the two events were a sign, of what he was not sure, in any case it diverted his attention from the bad news on the business front: China's falling exports and slowing economy; the meltdown of mining shares - a humongous eight percent down in London trading after losing nearly eighty percent over the previous twelve months, plunging Biliton, Glencore, Anglo American and Rio Tint into turmoil.

The volcano, after laying dormant for one hundred and fifty years, suddenly erupted, spouting large plumes of smoke and ash into the sky. Momotombo lay at the opposite end of the lake, forty or so kilometres from Managua and though its sudden eruption posed no immediate threat to the city and its inhabitants, it underlined the dangers of volcanic activity along the planned route of the Nicaragua transoceanic canal.

The next morning Pat flew to Cartagena to meet John Ennis. It would be his last stop off before heading home to London for Christmas, where he planned to relax with his family and take time to reflect on the eventful year.

<sup>1</sup>. The Lost Forest written by the author published in 2003

## COSTA DEL SOL

Liam Clancy was riding high. With the insight and experience he acquired since joining INI, he had succeeded in putting his small Spanish financial services company, MFS Associates, back into the black. By introducing London based über rich Russian investors to once in a life time property

deals in and around Marbella.

The situation in Spain, if anything had grown worse; to all intents the country was bankrupt, or very near to it, and fabulous properties were being put on the market at fire-sale prices, an extraordinary opportunity for Russians with deep pockets who wanted a luxury home in the sun not too far from London.

Liam supplied his investors with banking arrangements, his business partners, Dolores Laborda-Carvallo and Hugh Murray, looked after the marketing, sales, financial and legal services.

As Spain slumped, Russians rolled in money thanks to the demand for oil and commodities and rocketing prices. It was an easy task to sell expatriate Russians in London the idea of acquiring a home on the Costa del Sol. His only problem was to avoid money laundering, a task that was not easy.

The Spanish authorities welcomed investors and Russia was awash with money as its economy boomed, however, criminal elements linked to money laundering and other doubtful financial dealings had set up shop on the Costas.

To make matters worse the Costas had become infested with criminals fleeing British justice. Amongst them were the Halcrows, one of whom, the son of George Halcrow, had by chance befriended Liam on his arrival in Marbella in 2009. The Halcrow family had its base in Benidorm, where they owned restaurants, bars and nightclubs. Once Liam realized the sinister nature of their business and their connections with Russian Mafiya, implicated in drugs and illegal arms trafficking as well as extortion and murder, he quietly distanced himself from the family and avoided connections with suspect Russians.

Spanish prosecutors had Russian Mafiya activities under surveillance since they had began using Spain as a base of operations in the nineties to launder profits from illegal activities in Russia by recycling them in Spanish real estate.

With the help of Alexander Litvinenko, police had identified a number of Russian Mafiyosa operating in Spain, including Vladislav Reznik, a prominent MP for Putin's ruling United Russia party, and other high ranking Russian officials.

These were believed to have helped one of Russia's most infamous Mafiya organisations, the Tambov gang, infiltrate state structures, police, port authorities, private banks and businesses. The Tambov gang was formed in St. Petersburg in 1988 by two men from the Tambov Oblast, a Russian

province four hundred kilometres to the south-east of Moscow: Vladimir Kumarin and Valery Ledovskikh, who ran heroin in St Petersburg in the nineties and laundered the profits in Spain.

Kumarin commenced his criminal career with the illegal possession of arms, gangsterism and possession of a forged passport in St. Petersburg where he owned strip joints and night clubs. A long career ensued as leader of the Tambovskaya crime family, then in 2007 he was charged by the Russian police with money laundering, contract killings and organized crime and sentenced to fourteen years imprisonment.

Two of the gangs associates, Gennady Petrov and Sergey Kuzmin, came to the notice of the Spanish authorities in Marbella when a company owned by him, Isparus, was suspected of money laundering. Both were shareholders in Bank Rossiya in the late nineties along with several of Putin's close associates in the Ozero Cooperative near St Petersburg.

When the Spanish police searched a villa owned by a Duma Deputy it was revealed the politician had connections with the three Spanish firms, associated with Gennady Petrov. These firms were involved in deals set up by a local firm relating to the purchase of a villa worth over one million euros and a boat worth more than two million euros<sup>1</sup>.

In addition Petrov banked more than sixteen million euros in accounts in Panama, Latvia, Switzerland, United Kingdom, Virgin Islands and Russia.

Shortly before Litvinenko was due to give evidence to Spanish prosecutors he was murdered in London when his tea was laced with polonium-210 a deadly radioactive substance.

Senior Russian government officials close to Putin were targeted by the Spanish police in 2015, notably deputy prime minister Dmitry Kozak; former prime minister Viktor Zubkov; and former defence minister Anatoly Serdyukov, Zubkov's son-in-law; and Leonid Reiman, a former communications minister.

To understand Putin it is necessary to know the miserable conditions in which he grew up in post war Leningrad<sup>2</sup> and in his links to the underworld which was said to have had a considerable influence on his way of thinking. He himself wrote of how street gangs of his native city of Leningrad, now St. Petersburg, had influenced him in his youth. At that time, when thousands of gangs roamed the streets of Russian cities Leonid Ionovich Usvyatsov, Putin's judo coach, was suspected of having connections to organized crime and served two ten year prison terms, one for rape and the other for illegal currency dealings.



Between serving his two jail terms, Usvyatsov met Putin, along with other young men who later became members of Putin's inner circle: Arkady Rotenberg and his brother Boris. At the time Putin was Deputy Mayor of Petersburg, the Petersburg Fuel Company, a network of petrol stations in the region, owned by the Tambov gang and run by Vladimir Kumarin, was awarded an exclusive contract to supply the city.

Later those close to Putin used the Tambov Gang for money laundering laundering in Spain. Then Kumarin, who at the time was reputedly the head of the Tambov Gang, was arrested and sentenced to twenty five years in prison on the order of an unnamed individual who was referred to as 'the czar'.

The news that George Halcrow was being questioned by Scotland Yard and Spanish police came as no surprise to Liam Clancy. Halcrow was accused of aiding and abetting a certain Danny Craig, one of Britain's most wanted criminals, who was hiding in Spain after having fled the law at home. Liam had by chance briefly met the London gangster on a visit to Benidorm in the company of Halcrow's son and had immediately recognised him for what he was, a vicious gangster.

Craig, one of the many unsavoury acquaintances of the Halcrows living on the Costa Blanca, described as a dangerous fugitive, had been grabbed by the Spanish Grupo Especial de Operaciones as he relaxed by the pool at the Halcrows' villa. Wanted for a Royal Mail hold-up, Craig had been on the run for more than four years.

The Mediterranean resort, known to Scotland Yard as the Costa del Crime, was a long standing refuge for British criminals, and Craig, according to the UK's Serious Organised Crime Agency, had turned his hand to drugs, selling cannabis and other narcotics to expatriates in Benidorm and other resorts along the coast.

Liam was greatly amused at Halcrow's reported protestations when police discovered materials for packing drugs as well as guns and ammunition in his villa.

The spread of crime could have been put down to the economic crisis. Spain had been harder hit than other EU member countries with unemployment hovering around the twenty five percent mark and fifty for the under twenty fives. It was evident that austerity begot austerity, transforming the Costas into a breeding ground for international crime.

<sup>1</sup>. Russian Mafia <http://rumafia.com/en/dosje/61>

## Chapter 12

### TORIES

Jack Reagan sat glued to the TV screen watching the BBC's election day programme. It was almost eleven in the evening at his home in the Basque Country, a one hour time difference with London.

As the hour struck the result of exit polls flashed across the screen.

Reagan was concerned by the outcome of the election for a number of reasons: foremost was his own future, specifically in France where he lived. The referendum on the EU, promised by Cameron, was in the balance. If the socialist Milliband won, the danger would recede. On the other hand if Cameron could hobble together a coalition, it would depend on the strength of that coalition. In other words with a strong showing by the Liberals, their leader, Clegg, would certainly water down the rhetoric.

Until the fatidical moment, Milliband had been preparing a victory speech in his home town. At the same instant in time the Scottish Nationalist Party leader was making preparations to fly down to London to negotiate her party's place in the Labour led coalition government.

When the news fell, the results were so astonishingly out of line with the pollsters' predictions they were immediately cast aside by all commentators. Commencing with Ed Milliband. They was evidently an error. Probably, according to the TV anchorman, something to do with the particularity of the polling stations chosen to carry out the sampling.

It seemed absurd, it was in total contradiction with every poll published over the past weeks, all of which had predicted a hung parliament with the strong possibility of a Labour Led coalition. According to the BBC's man, David Dimbleby, twenty two thousand people had been polled. Could they be that wrong? Jack Reagan suddenly realised the night would be long and it was, when he finally called it a day it was three in the morning.

Up at six he immediately zapped on the TV. Looking at the bar at the bottom of the screen he saw Labour was in the lead; twelve seats ahead. The Scottish nationalists were on their way to a sweeping success with every seat won so far. Then, listening to Dimbleby, the story had a different

echo. Most of the one hundred and eighty seats Labour had won were in their traditional strongholds and almost every remaining seat where the counting was still underway would go to the Tories.

Reagan made himself a coffee. By the time he returned to the screen, the only question that remained was Cameron's margin of victory. As for the Liberals they had been wiped off the map and an hour later Nigel Farage saw his dream of glory evaporate.

It not only took some time for Reagan to absorb the nature of the change that had taken place before his eyes, but also the fate of the luckless politicians faced with defeat; who would certainly be forced to resign before the day was out.

Milliband, Clegg and Farage were out of a job. Marie-Claire remarked it was a pity that some of the fossilised French leaders didn't follow suit.

By midday Cameron was savouring the taste of complete victory. His rivals were relegated to history, forgotten, and the victory of Sturgeon, the Scot, blunted. He could now inform the Queen he would head a new government.

The consequences for the UK would be no less than historic. The risk of Scottish independence loomed greater than ever before, and with a referendum on Europe now certain, the risk of a Brexit became a serious probability. Four million disappointed Ukipers would throw their votes against Europe, joining forces with a broad ranging non-partisan army of eurosceptics. With a Yes-No referendum the risk was considerable, after all Cameron's party had only polled thirty five percent of the total vote, and even if Labour was pro-European, many of its followers would see the referendum as a means of foiling the Tories.

The Tories would introduce swingeing budget cuts that would hit many working class families, those whose only means to retaliate would be through the ballot box when Cameron pleaded for Europe as he surely would.

Cameron's electoral victory was a two edged sword, a Pyrrhic victory, which to Jack Reagan's way of thinking could transform Great Britain into Little Britain, especially if the Scots went for independence.

He suddenly imagined himself clambering up the gangway of a crowded boat in Calais, in a 1940 Dunkirk style evacuation, dragging a single cardboard suitcase tied together with string behind him, heading for a lonely exile in a smaller, poorer, Britain. He texted his friend James Herring asking him, in the event of deportation, for a bed in his garden shed

with the promise to wash his Jag on Saturday mornings to pay the rent.

How would Europe react to a 'No' vote? They would not be generous. There was already a growing undercurrent of dissatisfaction with Anglo-Saxons in general, who were seen to undermine the Union and the euro, a situation that could degenerate into rejection and rupture if negotiations to accommodate British demands failed.

## AVIGNON

Sitting face to the Palais des Papes, John Francis was not only happy to be in Avignon, he was happy to be there with Ekaterina. It was the first time she had been outside of Russia, at least beyond the countries of the former Soviet block. They ordered drinks, he a Desperado and she a glass of white wine. Even the loud and persistent music of a Peruvian flute player, the sound of which was amplified by a powerful loudspeaker system, on the opposite side of the esplanade could not spoil the magic of the moment.

They then continued their before diner stroll beneath the walls of the early renaissance period palace, enjoying the fine mid-spring evening, on their cloud and oblivious to all other thoughts.

At the place de l'Horloge, they stopped to listen to an improvised concert on the steps of the Opera Grande Avignon with its chorus and artists interpreting excerpts from well-known and lesser known operas. It was gay and light hearted, Ekaterina was enchanted, she recognised the different selections, appreciating the informal show, even if it was provincial in comparison to the Moscow's grand opera houses.

Fleetingly Francis thought of an evening at the opera, but noting a nearby poster that announced Nolwenn Leroi, a popular French variety star it seemed, would be in concert there that same evening; not exactly in the same register, he dismissed the idea.

Francis was head over heels in love. It was crazy, he told himself, how could such a thing happen to a man of his age. When he was younger he had had plenty of amorous adventures, but for longer than he had cared to think he had led the life of an unattached academic, getting on in life and dedicated to his work.

They had arrived that same morning from Paris, where they had spent a romantic week, well that's what it was, he thought, wondering if he was too old fashioned in his ideas. He had promised to show Ekaterina the Midi and

Riviera. Then what? That is to say would he marry her, live with her? Well he hadn't spent much time thinking that one out. She was much younger than him and in his Trinity College ivory tower tongues would certainly wag.

Of course Francis was a free man. He was a bachelor, a writer and well-known contributor to a number of newspapers and magazines on subjects as diverse as serious economics, the evolution of modern society, and political and corporate finance. Beside these ancillary talents, Francis was above all other considerations an academic, a reputed historian and professor at Dublin's Trinity College, where he lectured on economic history and development of civilizations.

He was an independent man and comfortably wealthy. He had earned a lot of money advising Michael Fitzwilliam and of course he still held his chair at Trinity College. As a scholarly intellectual he was not experienced in romantic affairs, which he knew often ended in disappointment. However, he was familiar with such situations: in university life relationships between professors, that is to say older men, and female students or younger women, had always been a subject of scandal and broadly treated in literature, past and present.

Ekaterina's student years were well behind her, but there was still a difference of age between them of more than twenty years. It was perhaps all right for Hollywood stars and oligarchs to have much younger wives or mistresses, but how would a professor's relationship with a young Russian single mother go down in Ireland's most venerable and respected seat of learning?

But what did she think? She was talkative, open minded, but seemed to avoid the future. He too for that matter. Was it his fault? Did she like the status quo? And he?

He pushed the thoughts away as she took his hand, it was as if she could read his mind. They dined in a small restaurant on rue Place Saint-Pierre, where they watched the passers-by from their pavement table, the diner and the ambience was what the guide books called authentic. They bathed in the romanticism of Provence, surrounded by the architecture of the old town and the fourteenth century basilique. Francis would have liked to capture the moment, savour it at some future time, or times, again and again. Sadly he realised it was a rare moment and there were so few moments in life when one felt really happy, when life's problems seemed so far away, and this was one of them; he was overwhelmed by a surge

emotion and gratitude to the fates for allowing him to have lived it.

Ekaterina's feelings were the same and she took his hand in an instant of deep affinity.

Would they make their home in London or Dublin; London would be more anonymous. He hadn't even asked her and she hadn't pushed him. Whatever happened he was not going to live in Moscow.

Avignon was nice, but unreal, where visitors could wonder at the marvels of the past, like so many other cities across Europe and the world, a lived-in theme park. Each day brought its flock of tourists. They were delivered to the main gate of the walled city by train or bus. Twenty four hours normally did it. Hello, goodbye. *Les jours se ressemblés*. Some visitors stayed a little longer, those interested by a more in depth experience, most hurried on to their next destination; perhaps a holiday on the Côte d'Azur, or Provincial towns, to live out another dream.

The real citizens of Avignon had disappeared, at least they did not live in the walled town. The homes had been transformed into hotels, restaurants, bars, ice cream parlours, souvenir shops and fashion boutiques. Then there were the attractions: churches, museums, galleries, antique shops and so on, the list was long.

The workers, many from North Africa, lived outside the walls of the ancient town. A large number were second generation and even third immigrant families; their parents had arrived in the seventies and eighties when work was plentiful. For the most part they lived in housing developments the French called *cités*. The sons and daughters of these families aspired to something better than that their parents had known: they were born French citizens, in France, had a French education and quite naturally spoke French with the regional accent. However, their origin, their religion and family upbringing, like it or not, barred them from enjoying the same privileges as their grass root fellow citizens. The result was a failed generation, if they were lucky they had jobs in the tourist industry, less well paid than their better educated compatriots, with little hope of advancement. The risk of unemployment was high and the only alternative for some was a life of petty crime and dealing.

He remembered a visit many years before and a Picasso exhibition in the Palais des Papes. He had been a young man, it was his first visit to the city. Francis recalled how he had been seduced by the splendour of the Palace, its architecture, though the paintings left him in some doubt, a doubt that remained over the years. Francis Bacon, an Irishman like himself, was his

preferred artist in the field of modern art, he had often visited the museum dedicated to the artist in Dublin where he had admire his technical perfection.

Sunday morning, the weather was fine, not the crushing summer heat that would arrive a little more than a month later. Church bells sounded calling the faithful to mass as they had done for centuries, the question was: who replied to their call? There were few Christians who practised their ancestral religion as to the Muslims on the periphery of the town they were uninterested by the religion of their hosts.

As they waited for their rented car, Francis witnessed a strange dispute between two women seated on a bench, who from their conversation it seemed were cousins. The argument had started à propos the remarks one of them had made about a Muslim woman who passed by pushing a pram, she wore the costume prescribed by her religion: a long robe, a coat, a veil that covered her hair and a large part of her face. One of the two women, a Jehovah's Witness, at least her mother was, was slim and stylishly dressed. Francis couldn't help remarking her low cut jeans revealed underwear of the same clothe as the brightly patterned shirt she was wearing. The other was more ordinary, somewhat overweight, without style, and a nominal Muslim. They were the daughters of Algerian families, second generation.

The Muslim protested she was French and had nothing to do with the devil's religion, which it appeared was how her brother described Saudi Arabia. The other rejected Islam whilst protesting it was her mother the Jehovah's Witness, not her.

The argument became heated and insults started flying back and forth. It reminded Francis of Northern Ireland and the arguments between of Papists and Orange men. He listened for fifteen minutes fearing they would come to blows, as the nominal Muslim declared she was French, not Algerian and not interested in religion.

He had witnessed the difficulties facing second generation immigrants and how attitudes towards religion created conflict. Spiritual traditions were abandoned by some as the new generation responded to the attitudes of a very different world to that in which their parents had grown up.

\*

The next morning Francis picked up a copy of The Times in the breakfast room. The lead story told of the strange lord's rant about Milliband's defeat. He told the press, how they, Labour's supporters, had been sent out to say they hated the rich. A discourse that would have done The Daily Worker

proud in the 1950s.

At least the lord did not default on his vision of seeing nothing wrong with being filthy rich. It seemed they had forgotten the 'people who shop at John Lewis'. Milliband had abandoned the middle ground, preferring Labour to wave its fists angrily at the privileged Tories, totally ignoring the vast numbers of Britons that lay between the rich and the poor.

He defended Labour's overspending during the Blair years, saying it was not that which had caused the banking crisis, which was true, though in the view of observers like Francis, Blair, as a responsible leader, should not have thrown economic caution to the wind.

Labour's ties to the trade union's was equally a throw back to the former half of the twentieth century. It of course provided the party with access to easy funding. The were, however, strings attached and politicians danced like marionettes when the unions pulled the strings.

Francis quickly forgot British politics as they set off in their rented car, stopping wherever it pleased them, in the picturesque towns and villages of Provence. Few things had changed over the last centuries, except the omnipresence presence of North Africans, who had admittedly been present in the days of his youth. What had changed were the numbers.

The previous evening returning from a highly recommended restaurant, Francis noticed old Arabs in gellabahs. It was as in the UK, certain towns and town districts were being colonised. It was not a criticism, but a constation. A reality. There mere mention of which brought a storm of accusations from the lackeys of French media.

France was tired, uncaring. In a generation or two the Midi would resemble Algeria or Tunisia.

Ekaterina had dozed off as Francis concentrated on the road. Passing by Carpentras, he recalled memories of the small city he had briefly visited a dozen or so years earlier. It had been for the funeral of an old uncle, a distant member of the family who had lived in France for most of his life. There, in the city's ancient cathedral, Francis had contemplated life and death; now he was nearer death, the ultimate journey, and here he was heading for the Mediterranean next a young woman, not even halfway through her life, with whom he was in love.

Did it matter? Did what happened to Fitzwilliams' bank matter? He was an historian, not a philosopher. What history had taught him was the futility of it all. Shortly the two hundredth anniversary of the Battle of Waterloo would be celebrated. Were Napoleon's victories or defeats of any matter



now? They had shaped modern Europe. It was perhaps why London dominated financial markets, why Vladimir Putin was celebrating his country's victory over Nazi Germany seventy years before, why France was a Republic and why the United States of America was what it was.

Most individual lives were insignificant, some were less so, a few played supporting roles and even fewer lead roles, and those who marked history were counted on the fingers of one hand.

He recalled listening to the eulogy to his uncle in the Cathedral of Carpentras, where the layers of history had been visible all around him, exposed like a geological cross-section, on a human scale, but nevertheless fossilised. On the cathedral's flank was a Roman arch, built in 16BC, during the reign of Augustus, at the time of the Meminiens, a Gaulish tribe: two chained prisoners were depicted on one side of the arch, the sculptures barely visible in the worn stone. Conquest, occupation and defeat, whatever the order, had been part of an ageless cycle. A couple of small blocks away from the cathedral was evidence of what had been a large eighteenth century Jewish ghetto.

In 2015, the Meminiens were forgotten by all but a few erudite historians; the Romans who had marked the region for centuries by their presence and with their monuments were gone and forgotten; the Jews too were gone; soon the French would be gone, replaced by a new wave of colonisers, the North Africans, the result of complacency or resignation on the part of the French, who no longer aspired to live in the cramped conditions their forbearers had, in the sweltering summer heat of Carpentras, a densely packed town. A generation of grassroot French that preferred architect designed homes with built-in air-conditioning, swimming pools, beyond city limits, at least those who could afford it. The less well off French, mostly old or young made do with an unlikely cohabitation. Two worlds apart, side by side, making the best they could of a changing world.

Francis at least did not want to end up in a crematorium on the edge of some dismal industrial estate. Suddenly, looking at Ekaterina's beautiful face, he snapped out of his morbid reminiscences. He felt a tardive, but urgent need to procreate: not a child, but a work that would survive his own ephemeral existence.

In the mean time they visited Vaison la Romaine, the largest Roman archaeological site in France, where they enjoyed a light lunch. Then, as the temperature rose, nearing thirty degrees, they jumped into the air-conditioned comfort of their car and headed east to Sisteron before turning

south for a picturesque drive down to the Côte d'Azur, then on to Nice and the ancient village of Éze where Francis had booked a room at the fabulous Chèvre d'Or overlooking Mediterranean.

## BATTERSEA

The Battersea Power Station developments, Prospect Place & The Skyline, were designed by Frank Gehry and Norman Foster. The former famed for works such as the Guggenheim in Bilbao and the latter a renowned British architect who had designed, amongst other well known edifices, 30 Saint Mary Axe, which had been INI's headquarters until it moved to the Gould Tower.

The 1920s brick power station was at the centre of the plan surrounded by the two residential complexes with over one thousand three hundred apartments the prices of which ranged from six hundred thousand to three million pounds. According to the promoters blurb, the 1920s power station would be adjoined by five apartment blocks part of a subtle theme inspired by London's famous John Nash Regency terraces, something that Jack Regan had difficulty in accepting as there was nothing subtle about the power station and the artists impressions of the new structures were in no way reminders of Nash's elegant architecture.

Maybe he was getting old or perhaps the hype that surrounding the project, like the power station itself, was greatly exaggerated, the idea that the vast power station could be aesthetically pleasing seemed to him improbable. The New Tate had been successful, but it was a much smaller building, more harmoniously married with the surrounding urban landscape. Only time would tell. His objective was investment and it would be another three or more years before the keys were handed over. His engagement was limited to a couple of flats, which seemed promising given the fact that another buyer had already flipped a studio making half a million pounds profit in a few weeks with little or no risk.

In the spring of 2014, properties in the first phase of the overall development had been put on the market at a lavish bash on the site of Gilbert Scott's power station. A spectacular show organised in a marquee where Elton John's crooning had charmed the cash from the pockets of buyers, many of whom who would have done anything to get into the act. Reagan was amongst the off-plan buyers, many of whom had snapped up the properties in the extraordinary frenzy.

Not surprisingly Jack Reagan rediscovered London as the capital of the world: rich, cosmopolitan, daring and avant garde. But what did that do for ordinary Londoners, apart from giving them something to blow their trumpets about? Of course there were the jobs that followed and perhaps a feeling of economic security. That only concerned a certain class of people: City workers, professionals, entrepreneurs and the like. The others, the vast unwashed crowds of the recently or newly arrived, would continue their struggle to make ends meet, as did what remained of the capital's grassroot working classes.

The newly renovated districts, such as Nine Elms, would house the growing well-heeled classes and wealthy foreigners. The lesser well-off would have to fend for themselves as best they could, looking on whilst the others enjoyed the feast.

Signs of London's international success in selling itself as an open global capital were visible everywhere, starting with the skyline: new towers had sprung out of the ground like mushrooms and if construction cranes were anything to go by many more were on the way.

It was estimated between thirty and forty percent of London's population was born outside of the UK. Indians, Pakistanis, Bangladeshis, Africans, West Indians, Chinese and more recently Poles, Lithuanians, Latvians and others from a hotchpotch of former East Block European countries had flooded into the capital at an alarming rate.

London's rivals in Europe stagnated; France was mired down in its version of retro-Socialism, burdened by crushing taxes and the discouragement of enterprise. Rome had never recovered from the Great Recession and Madrid suffered oppressive levels of unemployment, as once prosperous cities like Athens and Lisbon were purely and simply blighted.

Jack Regan was in town to meet with his accountants for the quarterly review of his property business. Over the previous three years he had made phenomenal gains. The central London market had literally exploded with rents doubling and even tripling.

There were no words to describe the gains he had made on properties in and around Pimlico, certain of which he had picked up for a song, homes formerly owned by the Westminster City Council housing department, selling at five times the price he had paid for them. He had bought the flats as a side bet, a speculative punt and suddenly, almost miraculously, they were worth a fortune. The former occupants gone, died or moved on, those he remembered as a kid growing up in the neighbourhood, the parents of

his classmates at Westminster Cathedral School on Horseferry Road.

His mother had told him of Petula Clark's<sup>1</sup> blue MG Midget parked on a corner of Strutton Ground - another epoch, another life. Petula Clark had rented a flat there when she was starting out on her career as a pop star. That was another flash in the pan of the small market street's fame. Opposite had been a hall, where his parents had danced to Charley Mac's band, a regular weekend evening that had attracted young Irish men and women who lived in and around Pimlico.

In the twenty five years that followed, Pimlico remained to a large extent a working class enclave with a few islands of wealth such as Dolphin Square and Morpeth Mansions. Situated between Westminster, St James Park, Buckingham Palace, Belgravia and Chelsea; Pimlico was bordered on the south-side by the River Thames. On the opposite banks of the river was Nine Elms and the glowering Battersea Power Station.

At the beginning of the nineties with the pressure of London's burgeoning population and growing prosperity, the face of Pimlico began to change. Strategically placed at the very heart of London it became a desirable place to live, especially those homes with fine Victorian façades in the half mile square area between Saint Georges Drive, Sutherland Street, Warwick Way and Lupus Street. These were progressively bought, renovated and transformed into much sought after homes and appartments.

Then, the Westminster City Council and other housing institutions sold off their properties, which over the course of two decades went from being affordable rented accommodation for Pimlico's post-War population, composed mostly of working and lower middle class residents, to the homes of a growing class of younger West End and City professionals.

Victorian homes that had been sold for six hundred pounds in 1950, went for three to four million in 2015, and council flats that sold for sixty thousand in 1990 went for six hundred thousand. The whole district became gentrified with mews flats and mansions sold for fortunes.

When Jack Reagan went into property after selling his engineering firm, he had without realizing it struck a goldmine. Having lived in Pimlico for the best part of his life he had quite naturally chosen the district for investing his capital and by 2015, he had become a very wealthy man.

It had taken him years of hard word to build up his engineering business and when it was bought by a Finnish group it netted him near ten million pounds, which he immediately put into property. A decade and a half of investing carefully, judiciously buying and selling, had made him a rich

man as the value of certain of his properties rose five fold. With interest rates at an all time low Reagan borrowed to invest. and turned his attention to Nine Elms where first he bought flats at Riverlight Quay, then in the Battersea Power Station development where he signed options on off-plan homes in what was incongruously called Switch House West, on the lateral flank of the vast building's main turbine hall, bringing the total value of his property portfolio to more than one hundred million pounds.

By leveraging his loans he increased his acquisitions and hence the potential added value. As time passed he became more prudent, but logically he could not see how property values in that golden rectangle as he called it: between Westminster Bridge and Battersea Bridge to the south, flanked by Buckingham Palace Road and Victoria Street to the north with some overflow into Belgravia, could possibly fall.

In Victorian and Edwardian times, when those large town houses had been built, the district had prospered. Those properties had been owned by the upper middle and upper classes with their live-in servants. With WWI those classes were hard hit and there was a move to suburbia with the development of train services from Victoria Station.

The arrival in 1926 of the huge smoke belching Battersea Power Station in the Nine Elms district, on the south bank of the Thames between Battersea Bridge and Vauxhall Bridge, did nothing to discourage the flight to a suburban ideal. From Grosvenor Embankment, on the north side of the Thames, what looked like the flames of hell were visible once darkness fell and throughout the night the deep sound of rumbling and clanking could be heard in Pimlico. Coal was unloaded from barges around the clock to feed the boilers that produced the steam to drive the turbines, generating the electricity for the capital, and the clinker shipped down the river to provide landfill and raw material for cement works.

The power station was finally shut down in 1983, and for the next twenty years the site languished; the focus of seemingly endless speculation and financial scandals as it changed hands from one would be promoter to another.

A little further east of the power station, towards Vauxhall Bridge, Nine Elms, a derelict industrial zone with its railway station and sidings, gasworks, waterworks, industries and warehouses, was up for grabs. In 2000, the vast one hundred and ninety five hectares brownfield site was set for one of the greatest urban transformations central London had ever seen. Much larger than Hyde Park and situated less than a mile upstream from

the Houses of Parliament the site was ideal location for new office space. Together with hotel and residential developments it would form the core of a new business district adjacent to the iconic SIS Building otherwise known as MI6, which was completed in 1995.

<sup>1</sup> Petula Clark a pop singer who came to fame in the sixties

## LONDON

As the likes of Kennedy, Barton, Reagan and O'Connelly got richer, millions of Britons became poorer. Since the start of the millennium the lucky ones saw a prodigious rise in the value of their assets, which after a brief moment of fear in 2008-2009, recovered, going from strength to strength as new players from Asia entered the market pushing up bidding pressure.

In less than two decades, many rich and wealthy Chinese were propelled onto the world scene, out of the blue, as if by magic, from nowhere. The most visible were the founders of mega businesses such as Dalian and Alibaba who had accumulated staggeringly huge fortunes. This success, to varying degrees, was replicated one hundred fold, with the emergence of a new order of very high worth individuals, whose fortunes stood between several hundreds of millions and a billion or two dollars. A truly spectacular metamorphose with an entirely new business class emerging, bringing with it huge buying power.

Unheard of Chinese businesses were buying companies, manufacturing plants, trade marks and real estate. Their owners jetted into London, Paris, Frankfurt, Rome, all desirable locations from which they could watch over their investments grow from the comfort of their own luxurious homes.

The London property market expanded at an exponential rate and in the wake of very wealthy buyers, tens of thousands, hundreds of thousands of individuals capable of buying prime properties and other assets appeared.

The emergence of this class of nouveaux-riches investors was a global phenomena, armed with seemingly limitless capacity to invest in property, they flooded into European cities and London in particular. These newcomers transformed London into a brash mega-city as they poured their wealth into the capital and the privileged south-east corner of the England.

At the same time large swaths of the UK were bypassed, ignored, as if they

were inexistant, regions devastated by decades of deindustrialisation and decline. As to London's working classes, they were even less financially secure than before the Great Recession, having on average less than a week's pay set aside for emergency needs. A third of the population was unable to afford adequate housing with young especially hard hit by falling wages, forcing large numbers into debt and enduring economic hardship.

With a total of twenty seven million households in the UK, the net incomes of the top decile was some ten times that of the lowest. Apart from the mega rich, the majority of the supposedly privileged top decile enjoyed an annual income of eighty thousand pounds, which was far from allowing them to buy a family home in central London.

Sarah Kavanagh of Gutherie Plimpton told Reagan it would require an income of three hundred thousand pounds and a down payment of at least ten percent to buy a central London property worth one million pounds, that is to say a two or three bedroom flat in Pimlico.

Traditional middle classes migrated to Hampstead, Highgate, Fulham, Chiswick, Wandsworth, Clapham, Balham and beyond. The territory of the working class: Brixton, Walworth, Camberwell, Deptford and Peckham, was invaded by a wave of yuppies and urban professionals as its traditional population was pushed further and further from the centre.

The rebirth of Edwardian and Victorian well-to-do family homes in Central London, abandoned for three generations to a postwar population of working class families and Irish immigrants, started timidly in the early eighties and reached new heights with the appearance of a new breed of owners who could count on an annual income of between two hundred and fifty thousand and one million pounds, who represented less than a quarter of one percent of all Britons.

The question begged who were they? Those who could buy such properties or the fifty thousand new one million pound appartments in gestation in and around central London.

Men like Reagan and Barton were both were non-Doms and neither actually owned property in the UK. Directly that is. They like certain other well-heeled Brits used holding companies in tax havens such as the Virgin Islands, through which properties were legally acquired. However, not all were legally speaking above board, certain non-Doms paid for their properties with funds of doubtful origin, some by fiscal evasion, others through the ill gotten gains of corruption or crime.

The City of London had become a paradise where itinerant capital could

be transformed into property via offshore holdings on islands where secrecy prevailed thanks to a cascade of screen companies designed to obscure the identities of the real owners.

Reagan's Westminster properties, like almost one in ten of his wealthy neighbours properties, were held in offshore companies dissimulated behind this impenetrable veil of secrecy. Men such as Saïf Gaddafi, the hapless son of the late dictator, had owned multimillion pound properties in the same London district through a Virgin Island company.

In Knightsbridge, visible to any passer-by, next to the luxury Mandarin Oriental Hotel - a remarkable historic Edwardian-style building, stood a discordant group of four not particularly attractive modern twelve storey glass towers. It was One Hyde Park, an astronomically expensive apartment block, a singular illustration of how the rich contrived to protect their money through offshore companies.

One of the apartments was owned by Rinat Akhmetov, a fabulously rich Ukrainian oligarch, friend of the strange spin doctor, who it was reported to have paid one hundred and thirty five million pounds for the two thousand five hundred square metre property via a holding company also located in British Virgin Islands. The oligarch's stupefying wealth and tax optimisation methods contrasted brutally with the dramatic plight of his fellow citizens trapped between poverty and Putin's iron fist.

It was estimated more than thirty six thousand London properties were held by offshore companies, forty percent of which were located in the British Virgin Islands, many of which were owned by oligarchs, princelings, dictators and gangsters in whose countries democracy was a dirty word.

## MARK TWAIN

Every year tens of thousands of Central Americans were murdered with nearly twenty thousand in the Northern Triangle alone: a zone situated between Lake Nicaragua in the south and the Mexican provinces of Quintana Roo in the north-east and the Chiapas in the west, a deadly triangle that englobed six countries. A lot of that was to do with drug trafficking and gang warfare, but kidnapping was high on the list and a rich man like Kennedy would almost certainly attract an unhealthy attention.

It was sufficient reason for Tom Barton to be seriously concerned about Kennedy's safety. His friend's fascination for Central America was fraught with danger.



Kennedy was oblivious to those facts as he plunged into a collection of Mark Twain's newspaper articles. What attracted his attention was the writer's correspondence for the San Francisco Alta California in 1867, published in a book entitled Mark Twain's Travels with Mr. Brown in which the writer recounted his travels across Nicaragua during his voyage from San Francisco to New York.<sup>1</sup>

At that time it was another world and travelling was for the fit or the desperate. Clemens, better known by his pen name Mark Twain, had neither a weak constitution nor was he desperate. As a journalist he had the means to travel in comfort, not like those who travelled in steerage on a voyage that took weeks and cost the weakest their lives.

Pat had flown from Panama City to Managua, the departure point of his voyage of discovery, the goal of which was to explore for himself the route of the future canal.

He set from the capital in a chauffeur driven Toyota south towards Rivas, a little over one hundred kilometres, there they turned right for San Juan del Sur. The village lay in a small protected bay which had been chosen by nineteenth century shipping companies for its calm waters that were ideal for anchoring steamers offshore, offering protection for lightering cargo and passengers.

In December 28, 1866, Mark Twain with seven other passengers, after a ten day sea voyage from San Francisco on the steamer America, were on the first boat to disembark in the small Pacific port, where they continued overland on rickety diligences drawn by mules and horses for the twelve mile journey across the isthmus that separated Lake Nicaragua from the ocean.

At that time San Juan consisted of a few tumble-down wood frame shanties; a ramshackle cholera ridden landing stage that served as a transit point for passengers and goods en route between the Pacific and Atlantic coasts of America. Until 1851, it had been a sleepy fishing village, then, with the discovery of gold in California, everything changed as thousands of fortune seekers and adventurers headed West.

In 2015, Kennedy discovered a surfers paradise with its unspoilt beaches, hotels, restaurants and tourist musts. There was little point in lingering and Pat instructed the driver to continue to La Virgen situated on the banks of Lake Nicaragua, less than half an hour by car, a journey that had taken Mark Twain three and a half hours through a landscape he described as:

*'bright, fresh green on every hand, the delicious softness and coolness of the air the interest of unknown birds and flowers and trees.... Many of the trees were starred all over with pretty blossoms. There was no lack of vegetation, and occasionally the balmy air came to us laden with a delicious fragrance. We passed two or three high hills, whose bold fronts, free from trees or shrubs, were thickly carpeted with softest, greenest grass—a picture our eyes could never tire of. Sometimes birds of handsome plumage flitted by, and we heard the blythe songs of others as we rode through the forests. But the monkeys claimed all attention. All hands wanted to see a real, live, wild monkey skirmishing among his native haunts. Our interest finally moderated somewhat in the native women; the birds; the calabash trees, with their gourd-like fruit; the huge, queer knots on trees, that were said to be ants' nests; the lime trees; and even in a singular species of cactus, long, slender and green, that climbed to the very tops of great trees, and completely hid their trunks and branches, and choked them to death in its winding folds—so like an ugly, endless serpent; but never did the party cease to consider the wild monkey a charming novelty and a joy forever.'*

The writer went on to describe the four hundred passengers on horseback, muleback, and in four-mule diligences, as the wildest, raggedest and most uncouth procession he had ever seen.

Arriving at La Virgen, to the south of Rivas, Pat, from a small lakeside jetty, contemplated the dark form of Concepción, the huge volcano that rose out of Maderas Ometepe Island. It looked menacing as a sharp squall whipped up the waves under as a bank of dark clouds scuttered across the otherwise blue sky.

According to plan a fast boat had been hired to take him across the lake to San Carlos, following the nineteenth century passage taken by Mark Twain and the planned route of the canal. The distance was over one hundred kilometres, a steady journey of six or seven hours, there were no towns of interest on the Island or on the south shore of the lake.

Settling down Pat soon tired of the monotonous view of the lake and the volcanoes. He pulled out Twain's account of his journey and started to read:

*The Daily Alta California, March 16, 1867*

*New Year's Day.*

*Out of the midst of the beautiful Lake Nicaragua spring two magnificent*

*pyramids, clad in the softest and richest green, all flecked with shadow and sunshine, whose summits pierce the billowy clouds. They look so isolated from the world and its turmoil—so tranquil, so dreamy, so steeped in slumber and eternal repose. What a home one might make among their shady forests, their sunny slopes, their breezy dells, after he had grown weary of the toil, anxiety and unrest of the bustling, driving world. These mountains seem to have no level ground at the bases but rise abruptly from the water. There is nothing rugged about them—they are shapely and symmetrical, and all their outlines are soft, rounded and regular. One is 4,200 and the other 5,400 feet high, though the highest being the furthest removed makes them look like twins. A stranger would take them to be of equal altitude. Some say they are 6,000 feet high, and certainly they look it. When not a cloud is visible elsewhere in the heavens, their tall summits are magnificently draped with them. They are extinct volcanoes, and consequently their soil (decomposed lava) is wonderfully fertile. They are well stocked with cattle ranches, and with corn, coffee and tobacco farms. The climate is delightful, and is the healthiest on the Isthmus.*

*Our boat started across the lake at 2 pm, and at 4 am the following morning we reached Fort San Carlos, where the San Juan River flows out—a hundred miles in twelve hours—not particularly speedy, but very comfortable.*

Pat's ride was not as comfortably sedate as the steamer described by the American writer, his was a jarringly noisy two deck river boat. Fortunately the wind had dropped as had the waves when he settled himself on the upper deck, which not only offered a better vantage point, he also avoided the spray and could relax to enjoy his reading matter and study his collection of maps.

<sup>1</sup>. Mark Twain's Notebooks & Journals, Volume I: (1855-1873) Daily Alta California, Volume 19, Number 7084, 17 February 1867

## PAT KENNEDY

The Canal Company's office in Managua informed Lili her husband had set off for the Rio San Juan, a river that formed the border with Costa Rica, adding telephone connections were sometimes difficult. After three days without news Lili called Tom Barton, she was frantic with worry by the absence of news and implored Tom to set out in search for her husband.

Pat was an adventurer, it was in his skin. After his studies and work

experience in Boston, Massachusetts, life in his newly established accounting firm in Limerick City soon became routine, it was not an absence of interest in his business, but a desire to discover new things.

As the only child of parents who knew their modest place in Irish society, Pat had been straight-jacketed and pressed into studying for a career that would assure him of a better material life than they themselves had known in Limerick.

His mother had never ceased to hammer into him the need to succeed, the effect of which spurred him on, sharpening his value of hard work and diligence, but at the same time he nursed the idea that once success was ensured he would one day explore the mysterious corners of the world that had beckoned him from the pages of his childhood encyclopedias.

Once established, his first business forays overseas led him to Amsterdam and Hamburg to meet firms that had set up businesses in the Shannon Free Tax Zone. Amongst his discoveries were the lurid attractions of those cities, that only went to stimulate his thirst for the exotic.

That led him to Michael Fitzwilliams' uncle, David Castlemain, head of the Irish Union Bank at that time, who set Pat on the path of an adventure he was never to forget. An adventure that had led him to Cuba, Mexico and Colombia and to the brink of disaster.<sup>1</sup>

Some people were dogged with bad luck, but for Pat Kennedy it was the opposite. As he put it, he came out of his near disastrous brush with Irish justice smelling of roses, going on to a banking career with Fitzwilliams which led him to Russia and China.

His new life had not however dampened his adventurous spirit and Lili was not surprised when her husband announced his interest in Wang Jing's project in Nicaragua and his plans to visit the country for a first hand investigation.

<sup>1</sup>. Offshore Islands published by the author in 2001

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Although Barton was not overly concerned about Kennedy's safety he could not refuse Lili's appeal for help. The next morning he set out in Don Pedro's Cessna Citation, destination Managua, a one thousand four hundred kilometre flight via Panama City. Barton's task was complicated by border disputes between Costa Rica and Nicaragua, and between

Colombia and Nicaragua over maritime boundaries and islands, which explained the need for a short stopover in Panama where the Cessna was registered.

After formalities in Managua the Cessna then headed in a southwesterly direction over a vast region of virgin forest and mangroves to San Juan de Nicaragua, otherwise known as Greytown, situated on the Caribbean at the southern end of the Mosquito Coast.

Barton was met by a representative of the Canal Company at Greytown Airport, a desolate airstrip surrounded by dense jungle, Gomez informed him there was no news of Kennedy's whereabouts. That people went missing for days in the vast jungle covered region was nothing unusual, he told Barton. Their first step would be a stop in Greytown, where he could explain his plan to locate the Irishman.

Barton nodded his agreement and climbed into the waiting Landcruiser, setting off along a dirt road in the direction of a jetty where a launch was waiting to take them to San Juan del Norte, a one street town lined by a motley collection of typical wood built Caribbean houses with their ubiquitous corrugated iron roofs.

They took lunch at a guest house where Gomez produced a series of river maps explaining it was possible to take a fast launch to El Castillo, the midpoint between Greytown and San Carlos on Lake Nicaragua, a distance of about fifty kilometres, which could be reached in two or three hours. From there they could continue if necessary to San Carlos where the river joined the lake.

The journey was monotonous. Barton was little interested in the wild life Gomez pointed to from time to time on the river banks which were covered by impenetrable jungle. It was difficult to image Kennedy or his guide attempting to explore by foot. If they had had a problem with their boat it would have been best to wait until until one of the local pangas or botes passed, which would have surely spotted them.

Gomez told him the river was full of crocodiles, but it was rare they attacked humans. Another possibility that could not be ruled out was foul play.

As the boat made its way down the Rio San Juan, Gomez hummed the tune of the Eagles iconic Hotel California, voicing the last lines:

*We are programmed to receive.  
You can check-out any time you like,  
But you can never leave!*

Barton enquired at San Carlos and Castillo where they were told plenty of gringos passed by there, they all looked the same, backpackers and adventurous tourists.

They overnighted in San Carlos, then decided to make their way back down the river. At Castillo they stopped to eat in a ramshackle posada. The owner said he remembered a man of Kennedy's description who had talked with a Chinese, or was it a Japanese, who had overnighted there. He checked his guest-book and showed it to Barton, who, although he was no specialist in Oriental languages, recognised the words written as Japanese.

He snapped the comments with his cell phone and texted them to Lili. A couple of hours later his telephone buzzed; it was a message from Lili confirming the name was Japanese but nothing more.

A few more inquiries and Barton learned they must have passed the two men on the river as had left in the direction of San Carlos early the same morning. He was puzzled, he was well aware of Pat's unpredictable nature, but not his absence of communication.

He immediately informed Lili of what little he had discovered, then as there was no point in hanging around on the San Juan River they returned to Greytown where after thanking the company man Barton flew to Managua where he hoped to glean more information at the HKND offices.

## EL CASTILLO – NICARAGUA

Ken Hisakawa told Kennedy he was an American, a Japanese-American. His family had come to the USA in the thirties and had been interned in California during WWII. After the war they moved to New York where his father studied medicine and set up practice in Upper Manhattan. True to tradition Hisakawa's father married a Japanese-American from California and Ken was born in 1953.

Hisakawa grew up like any other American kid and after graduating from high school attended Colombia University, where he studied history and archaeology before going on to specialise in Pre-Colombian history. After a period of field research in Mexico and Central America, he returned to his university to teach and to carry out research in his field.

Ken Hisakawa had the studious look of an Oriental academic, polite, sometimes talking with his hand in front of his mouth, and slightly bowed.

That was misleading, he was in reality explosive and in spite of his slight figure he was ready to confront any perceived aggression in pure American style, baseball bat in hand and questions asked after. It had earned him more than one beating in New York when he bit off more than he could chew, but it never deterred him from defending what he considered right.

He unnerved Pat when to demonstrate a point he pulled out a vicious looking automatic after el dueño de la posada warned them of river pirates and other denizens of the Gracia a Dios.

Ken Hisakawa was convinced that the Chinese had been to the Americas before the Europeans. His proof was a map purchased in 2001, by a certain Liu Gang, a Chinese attorney, from a Shanghai antique dealer. According to notations on the map it was a copy made in 1763 by a Chinese cartographer, Mo Yi-tong, of an original map Ming-dynasty dating from 1418. Reference was made to early navigators from the Ming and Yuan dynasties as well as Arab explorers. Hisakawa believed evidence of these first explorers could be found at Central American sites where they would have landed, brought by the same winds that opened the route to the Philippines in the sixteenth century, to and from Central America.

The fortuitous meeting with Hisakawa set the banker in the unexpected direction of the northernmost point of La Moskitia, which adjoined the Mosquito Coast in Honduras. As an expert on pre-Colombian archaeology, Hisakawa had been hired by Environmental Resources Management to work on the environmental and social impact assessment commissioned by HKND relating to the possible path of the canal. As a result thousands of artefacts dating from pre-Colombian times were handed over to the Nicaraguan government in a well publicised demonstration of the canal company's goodwill.

Notwithstanding the gesture, Hisakawa not only disapproved of the methods, he perceived the report as a cover-up, biased and designed to hid the facts. Not wanting to enter into open conflict with the authorities who backed the project, which was not only a dangerous undertaking in Central America, but would prejudice his ability to work in the region - one of the great centres of pre-Colombian civilisations - he left to join the team being put together to investigate the legendary City of the Monkey God across the border in Honduras.

Pat's meeting with Hisakawa, just as the archaeologist was en-route to join the archaeological expedition in Honduras, was one of those strange chance meetings that changed lives. The dramatic discovery of a lost civilization

deep in the remote Honduran jungle and the discovery of the legendary City of the Monkey God presented a once in a lifetime opportunity Hisakawa told Pat. The existence of extensive plazas, earthworks, mounds and pyramids, pointed to the existence of a hitherto unknown culture that had it seemed suddenly vanished from the face of the earth more than a thousand years before.

Hisakawa had been putting the finishing touches to his work and gathering his material at El Castillo after several months in the jungle. Recognising Kennedy as not being the usual kind of backpacker or tourist, Hisakawa had responded to what seemed a first casual curiosity about the canal project. But quickly the two men found themselves carried away by the intensely passionate history of Central America.

As the archaeologist enthused about the vestiges of pre-Colombian civilisation and lost cities Kennedy became enthralled and was soon begging to join the American on his journey to join the expedition in Honduras.

They talked deep into the night carried away by their enthusiasm. It was not an exchange fueled by alcohol, neither of the two men drank more than two or three beers, what bore them through the night was their common passion for adventure and exploration. Hisakawa, realising Kennedy was a very unusual man, with considerable financial resources, the kind of patron scientists like he dreamed of, quickly acquiesced; on the strict condition that Kennedy swore to absolute secrecy. The fear was the site of a hitherto unknown civilisation, in a country as lawless as Honduras, would attract the attention of looters and bandits.

## BRUSSELS

The leaders of the European Union were gathered in a last ditch attempt to find a solution to the interminable Greek crisis. It was a drama that threatened not only the future of the euro but the cohesion of the entire Union.

It seemed as though men had learnt nothing. Leaders were prepared to play brinkmanship regardless of the consequences, where the slightest slip could precipitate Europe and its financial system, along with that of the world, into an abyss.

Financial experts, eager to avoid frightening markets into a headlong panic, assured investors the risk had been built into their calculations. However,



the Lehman collapse, which had been precipitated by the Fed in response to the banks catastrophic situation, resulted in a chain reaction the almost brought about a systemic collapse of world's banking institutions.

The poor judgement of Europe's leaders; the astonishing naïvety of the Greek government; the petulance of the IMF; the intrusive schadenfreud of Putin, were signs of the collective folly that had descended on Europe, as British eurosceptics fiddled, and Berlin together with the ECB played with matches over a powder keg

Some cried for castigation of the profligate Greeks, others demanded a return to sovereignty, whilst madmen in the UK compared the European Commission with Hitler's Nazi regime or Stalin's Soviet tyranny. The very system built to prevent European conflict was in peril, threatened by little men without vision. Where were the Churchills, the de Gaulles?

The spectacle was astonishing: the Syriza government had been elected by the Greek people desperate to solve the crisis, not to plunge Europe into turmoil. Greece had blindly blundered into a disaster, which to a large degree was of its own making. Its leaders had failed to reform the country's institutions, pushing difficult decisions to the future behind a growing mountain of debt. They were not alone, Britain, France, Italy and Spain found themselves in a similar impasse and risked paying for the consequences.

The ignorant saw the Greeks as Klephts, the critics fancifully saw themselves as vengeful Armatolikia. The reality was more complicated, any solution would be no more than a temporary expedient. It would require men of vision to sooth the pain before an enduring compromise could be agreed by all parties.

Certain European leaders would no doubt take advantage of the discord to advance their own short term electoral ambitions. Not only extremists, but leaders like Cameron, whose Scottish referendum opened the way to many dangers, dividing the UK, ranging Scottish independentists against eurosceptics and disillusioned reactionaries, many of whom imagined England as kind of Singapore or Norway, or even the centre of an imaginary Commonwealth, as though India or Australia would heed London's not very Churchillian call.

The British capital was seen by certain rich and powerful foreigners as an offshore safe haven for doubtful capital. The UK, beyond London, was unknown to them and their servitors who juggled hedge funds and managed investment banks. Little did they care for the North, or the plight of those

who had settled there - immigrants from independent nations that had formed a once glorious empire, in search of a better life.

As the days passed and uncertainty grew, ordinary Greeks withdrew their euros from ATMs, hiding them under their mattresses, fearful of waking up without the means to buy their daily bread. It was a slow motion bank run. In the weeks and months leading up to the denouement tens, thousands, millions and billions had been pulled out of Greek banks, bleeding them dry, and much of it had gone to Austria and Germany.

The procrastination of governments and institutions had contributed to the debacle, as the stubbornness of Syriza risked leading to Greece's ejection not only from the euro, but even from the Union with unimaginable consequences for the Greek people and the future of Europe.

Regretfully it was not the first time Europeans had forced themselves into a corner. The fact was they would never be able to recoup their money and the stubbornness of creditors only reinforced destructively radical groups such as the leftist Podemos movement in Spain and the right-wing National Front in France.

Anarchy threatened as the rich became richer and as ever at the expense of the poor. In 1821, Shelley wrote, the vessel of the state is driven between the Scylla and Charybdis of anarchy and despotism. Two centuries later little had changed as an increasing number of 'haves' sought to deprive the people of their rights in a winner take all society.

The Greek people were unwilling to be the scapegoats of unviable behind door deals in Brussels or Berlin, and their anger would not be appeased by crumbs thrown at them while banks were bailed out by EU emergency funds.

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From afar Tom Barton looked on aghast. After the Greek extreme-left party's stunning electoral victory with just two seats short of an absolute majority, its leader, Alexis Tsipras, faced an uphill battle if he imagined Marxist ideas could be applied in Greece.

He had been elected to solve an economic problem, not foment a politically obsolete revolution. In 2015, Greeks wanted jobs, young and old sought the benefits of the consumer society, they were not interested in ideology, or religion, a Marxist state was the furthest thing from minds, and even less did they want to see Russian imperialists on the streets of Pyraeus or Athens, Orthodox co-religionists or not.

As the interest rate on Greek ten year bonds leapt, shares of the country's

leading banks plunged. Trápeza Pireós, the country's largest bank, had lost more than ninety eight percent of its value during the five years leading up to the Syriza victory, with the rest of the country's banks not doing much better.

Disaster was on the horizon, capital flight and savings withdrawals exploded, deposits fell to a mere trickle, as Tsipras spoke of large scale nationalisations, an increase in minimum wages and the rehiring of recently dismissed public sector workers.

Only firm action could save Greece and prevent Europe and its institutions, banks, and industries from being dragged into the quagmire.

But to the Greek people Alexis Tsipras was a messiah. The trouble was the world had acclaimed messiahs before, only to discover that nothing ever changed; the latest in date was Barack Obama, whose achievements, which were an improvement when compared to George Bush's warmongering, fell far short of the hopes and aspirations of many of those who had elected him.

Barton, a ringside spectator of another saviour's calamitous policies in nearby Venezuela, looked on as Nicolás Madura, who had succeeded his charismatic predecessor, Hugo Chavez, struggled to fulfil his electoral promises. His fiery rhetoric was of little avail as the United Socialist Party's policies, built on the price of oil, collapsed. Madura was forced to call in the army to control the lengthening lines outside supermarkets, where shoppers in Caracas fought for basic essentials: rice, sugar and toilet paper, where even McDonald's ran out of French fries.

## **Chapter 13**

### **VANDERBILT**

In the meantime Pat was absorbed by the excitement of discovering the City of the Monkey God deep in the jungle of eastern Honduras. He with his newly made Japanese friend bumped over the dirt road that climbed through lush-green forest towards the base camp in a small village on the jungle edge. It was not unlike all the other such villages, its wooden houses and their plaited palm roofs, chickens pecking insouciantly at the dirt as small black pigs rooted in the encroaching undergrowth.

Far to the south in Nicaragua it seemed as though the canal project had drifted into the doldrums, there was little movement despite HKND's claims the construction of the first phase, a port on the Pacific Coast, would begin before the year end.

The lack of visible movement on the ground was clearly discernible, apart from the occasional Chinese engineers surveying the terrain. This compounded with the sudden stock market setback in China had rattled Pat and it had taken a visit to the Panama Canal museum to rekindle his enthusiasm. There he discovered the history of the first transoceanic canal and the difficulties of such a vast undertaking. Pat was forced to admit the 2020 deadline for completion was looking optimistic and realised it would require time, perseverance and courage, to overcome the many obstacles on the long road to success: political, financial and physical.

Cornelius Vanderbilt, the American railway magnate, had attempted to build a waterway in the 1850s and as a triste monument to his effort the mast of his dredger was still visible, emerging from the waters of Morgan's Lagoon near Greytown in south-east corner of Nicaragua.

The dream of cutting a canal across Nicaraguan isthmus dated back centuries. It was Ferdinand de Lesseps who put an end to the idea when he broke ground for the Panama Canal in 1881. Before that date, Nicaragua had been the most likely option for a transoceanic waterway to reduce the journey from California to the East Coast of the US.

From a rickety hut in the village Pat watched the news from Shanghai on his laptop with its jerry rig to a satellite dish. Screens flashed green and small retail investors vented their anger as the Shanghai Composite Index continued its plunge. Those who who belatedly rushed into the market at its peak counted losses of nearly forty percent.

It seemed as though the world was lurching towards an unknown future. The aura of power and control that had surrounded the spectacular emergence of the Middle Kingdom suddenly faded as the Shanghai stock market dived into a gut wrenching spiral. China's leaders seemed helplessly in a situation that was rapidly getting out of control.

Contagion rippled through the world's international financial centres. Nothing had been achieved by massive state intervention in the market as buyers unloaded their shares to meet margin calls

The credibility of the Beijing government was shattered, it was as if it had lost control of the magic dragon that had transformed China from a peasant society into the world's second largest industrial economy.

Whilst the effect of the market collapse on the man in the street in China was indiscernible, the entrepreneurial classes were shaken, their élan dashed, which could affect those they employed, all of which led to questions about the ability of their government to control the economy.

Fear stalked Chinese investors, who had bet on financial markets and property. Anger rose as small investors unable to sell their shares, amongst them many elderly people who had put their savings into the market, bitterly regretted their foolhardy punt. Railing at all and sundry, accusing foreigners for waging a currency war against China, just as those in Russia who were caught in the maelstrom of Putin's fool hardy adventures.

Anxious faces were scotched to brokerage screens that flashed green as indexes plunged, red when they rose. Losers counted their losses in silence, accusing the media for having misled them, but few were those who dared to publicly accuse the government. Some spoke of the good old days under Chairman Mao as others suffered shame and loss of face after losing their family's savings.

## THE CITY OF THE MONKEY GOD

The ruins had first been spotted in 2012, during an aerial survey of one of the few scientifically unexplored regions on the planet, a vast one hundred thousand square kilometre region of jungles, swamps, rivers, and mountains of La Moskitia, explored in the last century by Theodore Morde, who emerged from the jungle in 1940 claiming to have found a lost city: the City of the Monkey God.

The site lay in the east of Honduras, a region only accessible by air to the north and east of Catacamas, a city of fifty thousand souls. Beyond Catacamas lay a vast empty and almost impenetrable region of mountains and jungle.

The mysterious valley lay approximately four hundred kilometres from the capital of Honduras, Tegucigalpa, a city of over eight hundred thousand, which Pat Kennedy had never heard of until the moment he bought the ticket for the flight from Managua to Honduras.

For centuries legends of a lost city abounded, explorers and adventurers had brought back tales of vast stone fortifications overgrown by dense jungle. The local Indian tribes spoke of a vast white house hidden deep in the rainforest where their ancestors had hidden from the ravaging conquistadores, a paradise lost.

Starting in the 1920s, several expeditions tried to find Ciudad Blanca, as it was known. The most famous of which was that of the eccentric American explorer Theodore Morde in 1940, sponsored by what is now a department of the Smithsonian Institute, then the Museum of the American Indian.

Morde claimed to have seen the city and when he returned from Moskitia he brought thousands of artefacts with him as proof. He recounted the story of how the local people told him how a giant statue of the mythical Monkey God stood in the centre of the city. But he refused to divulge the location of the city fearing it would be targeted by looters.

Some time later Morde died in mysterious circumstances, conflicting stories say he committed suicide, or was killed in an automobile accident, but whatever the reality the secret of his site disappeared with him.

In 2009, a team of American specialists including archaeologists, anthropologists, ethnobotanists, forestry experts, a Lidar<sup>1</sup> specialist, documentary filmmakers and journalists from National Geographic magazine set out to find the site.

The untouched nature of the site was reported to be unique and if preserved and properly studied could reveal incomparable knowledge as to how its inhabitants had built a civilisation in such hostile territory.

Equipped with the latest laser technology the team launched an air search probing the jungle where they believed the ruins of the city stood with the aid of a Lidar scanner, capable of piercing the canopy of the rain forest and locating the presence of archaeological traces, to map a site.

The images confirmed the presence of man-made structures stretching along the river banks in the valley below warranting a ground expedition which led to the discovery of what appeared to be an ancient plaza built by a vanished civilisation. In addition the vestiges of ceremonial architecture, giant earthworks, irrigation canals and reservoirs were identified, confirming the presence of a pre-Columbian city.

The hidden valley, like the whole region of Moskitia, was covered by dense rain forest, where jaguar, snakes, spider monkeys, tapirs had roamed for centuries, was believed by archaeologists to be the site of not just a mysterious city, but that of a lost civilization. Their goal was not simply to scientifically investigate the site, but to also prevent looters from plundering its priceless archaeological vestiges.

<sup>1</sup>. Lidar – Light Detection And Ranging, a downward looking radar-like laser system

## DUBAI ON THAMES

The Dubaiesque metamorphosis of Nine Elms was taking place under the incredulous eyes of Londoners. Each morning as suburbanites commuted into Vauxhall and Victoria they saw the pharaonic project grow in the knowledge they could never aspire to being an owner of one of the homes in the futuristic towers. What had long been a near derelict industrial site on the south bank of the Thames was being transformed into an extension of Central London for the well-being of its privileged few.

The sales were managed by the Henry Wiltshire estate agency based in Canary Wharf and its on-site office in Vauxhall, the latter curiously situated between a homeless peoples' shelter and a bus station, both of which were destined to be demolished to make way for the swish new neighbourhood.

Jack Reagan, in spite of his wealth, mainly built on Pimlico real estate, felt uneasy crossing the river. It was another ball game as Kennedy would have said. Reagan had been used to dealing in nineteenth and early twentieth century properties and had always viewed the South Bank as off limits for investment. However, further to the east he had seen the transformation of abandoned dockland warehouses and derelict sites into attractive business, residential and tourist districts. There was the Shard, the New Tate, and even the LCC<sup>1</sup> Town Hall which was transformed into a business centre and tourist attraction including a Marriott Hotel, the London Sea Life Aquarium, the London Dungeon and an amusement arcade.

An estimated twenty thousand new apartments were in the planning, under construction or already built on Nine Elms site, situated in a triangle bordered by the Thames, Battersea Park and the Southern Railway line into Waterloo. They were almost exclusively high rise luxury apartments in contrast to Reagan's gracious low rise nineteenth century world across the river, something that caused him considerable trepidation when it came to investing his money in the new development. He was concerned the sheer quantities would result in an oversupply, a glut, given the numerous riverside developments east of Tower Bridge.

It did not require much research to determine that in total more than fifty thousand luxury homes costing more than one million pounds each would be coming onto the market in London's prime property districts, a number he estimated was in sharp contrast with demand.

His experience, as a property owner and former head of an engineering

design firm, told him that the combined market driving forces were: politics, that is to say government inspired economic development aimed at growth; finance and its banking and investment components; industry, which consisted of developers together with architects, construction firms; estate agents and lawyers; and the vast industrial machine that supplied concrete, steel, mechanical services including lifts, electricity, water supply and drainage systems, heating, airconditioning and ventilation plant, to which was added an almost endless list of diverse materials, equipment and services. Beyond that were the infrastructure needs: transport, service roads, sanitation and garbage disposal and so on.

It was a vast organization designed to generate profits and growth for the well-being of all, in the form of homes for the wealthy and jobs - mostly for the less wealthy.

Billions were being invested in the transformation of what had until recently been an industrial wasteland into a vast new residential and business district. It was one of the Europe's largest urban regeneration projects, eclipsing even that of London's 2012 Olympics.

The hype gushed: politicians hurried to add their upbeat encouragement; stars were hired provide the glitz; journalists to spread the word, television to sing the praises, but the question still remained: who would live there? Reagan wondered whether the residents of Pimlico, Chelsea and Knightsbridge would trade their fine nineteenth and early twentieth homes for a fortieth floor flat in a forest of glass and steel?

Was the monstrous brick power station really worth saving? Reagan, who was not a stick in the mud, had always seen it as an eyesore and would have demolished it transforming the site into an extension of Battersea park, adding two or three cultural attractions, but there was no gain in that. When all was said and done the monster, which was so vast St Paul's Cathedral could have easily fit inside, was not an object of beauty, and its creators had never intended it to be.

Would the buyers from Asia and the Middle East live there, probably not. Buyers from Beijing and Shanghai saw London properties as an investment and a safe haven for cash, as did many Middle Easterners. They were bolt holes, a refuge when things got nasty at home, as they had in Iraq, Syria, Lebanon, Egypt, Libya and the Yemen. For Russians and Ukrainians it was a hedge against Mr Putin's impulsions. And they were not far wrong as the dangers seemed to be confirmed almost daily.

One thing was certain in Westminster alone one in ten properties were



owned by offshore companies and one in three offshore tax havens were British. What that meant for the average Briton was uncertain: on the one hand money flowed into the UK, on the other there was tax avoidance, legal or otherwise. Then came the question of homes for Britons and the prices of homes; the rush into London did nothing to keep prices down, and finally what would happen if all those offshore owners decided to get their money out for one reason or another?

The idea people would coming over the river from Chelsea to Nine Elms was fallacious, at the very best they would perhaps have a speculative punt. In any case Jack Reagan had his doubts about the interest of British buyers, which became apparent to him after an evening concert at the Queen Elizabeth Festival Hall.

Strolling along the Southbank, admiring the Thames side view, one of his friends had causally pointed out that most of the appartments in the fifty two storey Vauxhall Tower were in darkness. This was explained by the fact that almost two-thirds of homes in the Tower were owned by foreign companies or individuals, many via offshore companies based in tax havens, most of whom did not occupy their respective properties.

The five-storey penthouse was owned by the family of the Russian oligarch Andrei Guriev, a former Russian senator. The two thousand plus square metre penthouse, bought in May 2014, was unoccupied.

Other owners included by a former Nigerian government minister, a Kurdish oil magnate, an Egyptian mogul, an Indonesian banker, a Uruguayan football manager and a racing car driver. In addition there were buyers from Hong Kong, Singapore, Malaysia, China, Saudi Arabia, the United Arab Emirates, Russia, India, Iraq, Qatar and Switzerland.

There was a strong odour of speculation when the supermarket chain, Sainsbury's, got in on the act demolishing one of its supermarkets to build hundreds of homes in seven towers. At the same time foreign money was poured in with the Chinese property group Dalian Wanda announcing it would build one of Europe's tallest residential complexes at One Nine Elms: two towers, one sixty stories and the other forty five.

In spite of his doubts Reagan decided for a punt after the enthusiasm of investors was given a fillip, when in quite separate decisions, the American and Dutch ambassadors announced they would sell their respective embassies at West End London sites to move Vauxhall. At the worst Reagan calculated it would not cost him more than his ten percent deposit if at a later date he decided to pull out.

As for Pat Kennedy he was not about to trade in his magnificent home on Cheyne Walk for a place at Nine Elms, even if Damien Hirst had decided to open a gallery to house his art collection in a converted warehouses in Vauxhall. In any case Pat had already experienced living next to the power station in his stylish modern bachelor pad, subsidised by the bank, overlooking Chelsea Bridge, which he had since rented to his delighted protégé, Liam Clancy.

<sup>1</sup> London County Council

## DEBT AND SPECULATION

As Barton watch BBC World News, he remembered his visit to the Greek islands seven years back in July 2008. In many ways it had been a moment of insouciance in Europe and especially in Greece. At the time, almost a year had passed since the Northern Rock collapse and the appearance of the Sub-prime crisis, which concerned essentially the mortgage industry in the US and UK.

In 2008 Gordon Brown was Britain's incumbent prime minister and he like other European leaders had promised a soft landing. Little did he realize the looming liquidity crisis and the Lehman Brothers drama would metamorphose into a catastrophic crash landing which was to destroy RBS and HBOS, respectively the number one and the seventeenth largest banks in the world.

Since the birth of modern Greece, in 1832, the country had lived in a state of quasi bankruptcy. According to Gerassimos Notaras of the National Bank of Greece: From the beginning, our state had no other choice than to live on credit. We were born in debt.

Few remembered the days when Greek shipping magnates were the world's playboys with their yachts and extravagant parties in the Aegean. Stavros Niarchos and Aristotle Onassis were the amongst the world's richest and most famous men at that time with their exploits regularly making the front page of the tabloids in the 1950s. If proof was needed Onassis, after courting the opera singer Maria Callas, married Jacqueline Kennedy, the blue blooded wife of John F Kennedy.

Those good days were gone: famous Greek shipping magnates like as George Economou now lived in Monaco, John Angelikousis in London,

Philip Niarchos and Spiro Latsis in Switzerland.

Nemesis, the god of divine retribution, had appeared in the form of Angela Merkel and Greece, guilty of presumption by gods, had to pay for its sins.

The day of judgement was at hand: if at midnight June 30, Greece failed to make a scheduled payment to the International Monetary Fund, it would become a pariah: the first advanced economy in the history of the respected institution, founded in 1945, to default on a loan repayment, an event that would have huge consequences for both Athens and the IMF.

Four days later, American Independence Day, the US markets were closed for the holiday. It was a pity, because the bad news from Athens would have sent traders scurrying. But that was small beer compared to the bad news pouring in from China. As the world's attention had been focused on Athens, another drama was being played out on the opposite side of the planet. In the space of just three weeks the Shanghai Composite Index lost a massive thirty percent of its value, bankrupting countless small punters who had either bet their life savings or borrowed money to play the bull market.

The Shanghai stock market bubble, which had seen share prices double in the space of a year, had burst and as usual it was the late comers who had stampeded into the market, the small punters, who lost their shirts, even their homes. More than twenty million new retail accounts had been opened in the weeks leading up to the crash and to make matters worse the Chinese government had approved rules that allowed investors to use property as collateral to guarantee margin calls.

Both amateur and professional speculators faced margin calls on their highly leveraged positions and as in all market panics they started selling as fast as they could, with both hands and both feet as one commentator put it.

One of the factors that accelerated contagion was the important role margin financing had played in the bull market. However, it was individuals who were hit, and that in itself was not sufficient to cause a systematic collapse.

The trouble came as businesses were suspected of margin trading and using their own stock to obtain bank loans. This posed a different kind of problem making them vulnerable to margin calls and explained why many companies had suspended the trading of their shares to pre-empt action by the banks.

Was this the disaster Gordon Chang had been predicting for years? Maybe, considering a Chinese blogger had been arrested in Beijing for spreading

rumours that brokers were jumping off roofs. True or not it was a sure sign of growing nervosity.

As Shanghai and Shenzhen stock markets boiled over, six hundred million Chinese peasants continued to live from hand to mouth, as they had since time immemorial. Would they ever escape their misery? It began to seem unlikely as the prodigious growth trajectory of China flattened out. The easy part was over, the difficult part was yet to come.

All that apart the situation was not as bad as it appeared. Pat Kennedy was reassured with the thought that in just one year the Shanghai Composite Index had gone from 2000 points to 5000 plus, so even at 3600 points the bank had made solid gains, pulling back from the speculative brink when it had.

## A SAFE HAVEN

It was reported one in three rich Chinese wanted out. They had made their packet and wanted to make sure it, or at least part of it, was safely out of reach of authoritarian action, and Sarah Kavanagh was only too willing to help.

That morning she bubbled over as she checked out the Shanghai Composite Index. In London it was eight in the morning and Chinese stock markets would close in half an hour. The index had plunged another six percent. But what was bad news for many Chinese punters was good news for Sarah. The young real estate agent was inundated a surge of interest in the already hot London property market as wealthy Chinese investors sought a safe haven to escape the turmoil of Shanghai's stock market.

Market instability had sent Chinese buyers scrambling for shelters to protect their money and in the last week alone she had signed up half a dozen clients for properties in the Vauxhall development and anticipated more deals before the month was out. The interest was such that one buyer was looking at acquiring a whole block of apartments.

In Shanghai, retail investors had rushed into the market, more often than not with money borrowed from securities firms through margin-trading schemes. Others jumped in via umbrella trusts, which loaned investors money from wealth-management products, peer-to-peer lenders and asset-management firms.

The market plunged and accusations flew. Regulators clamped down on

futures trading, launching a witch hunt for what they labelled as illegal or malicious short-sellers. Rumours circulated foreign short-sellers were sabotaging China's market.

The recently egalitarian Communist nation had become one of the most unequal on the planet with high worth individuals accumulating mountains of cash destined to secure their future against crises and a lot of that would be heading overseas.

INI Hong Kong Private Bank was attracting huge cash inflows and its City based property funds prospered as Chinese investors dumped their stock holdings. Smart money had been flowing out of China for months as its stock markets rose to dizzying heights. Savvy investors had got out during the first and second quarter, after doubling their winnings, and winnings they were.

Even Angus McPherson was surprised by the number of new individual Chinese investors capable of putting upwards of ten million dollars into the bank's Dublin based funds. Lili's family had been behind the new bank, Eireann Private Bank, Kennedy had incorporated in Dublin with branch's in London and Dominica, offering worried Chinese industrialists, who had no other place for their excess reserves, an attractive investment in its dynamic funds.

Sarah had seen the boom coming and was pleased with the efforts she had invested in acquiring a passable degree of spoken Mandarin with a crash course of business Chinese at the Confucius Institute. After eighteen months she could converse in simple everyday Chinese, something that gave confidence to her clients and their wives, some of whose grasp of English was practically non-existent.

## GREECE

News came of Syriza's capitulation as Slovakia's finance minister told the world they had reaped what they sown with their 'Greek spring'. The parallel was unjustified considering the Arab world, encouraged by the West, had attempted to throw off the yoke of despotism and oppression, which was not the case in Greece, theirs was one of pitiful government and widespread corruption. There was no torture or death, the days of the Colonels were long gone.

Certain commentators likened the Greek acceptance of EU demands to another Versailles, of course there was not twenty million dead, or great

swaths of Europe devastated by war. It was a simple bankruptcy arrangement whereby the debtor was put under the supervision of the court.

It was a result of Greece's inability to reform, of pursuing policies that appeased every demand, popular or otherwise, of procrastination, the accumulation of unsustainable debt, in the vague hope their problems would go away. Were the Greeks profligate? Certainly, but no more than fellow member countries of the EU, including France, Italy and the UK, whose decision making process dodged the real issues and whose debts were perhaps the greatest in history in time of peace.

The vociferous British press cried foul, leading a sustained campaign against the Eurozone and the EU in general. To have found a comparable outpouring of vitriol it would have been necessary to go back to the time when English pamphleteers lampooned Napoleon, at the moment his armies occupied large swaths of Europe and his marionettes, including his own family members, were foisted onto the thrones of Europe, namely Italy, Holland, Spain and Westphalia.

Napoleon had declared: I wished to found a European system, a European Code of Laws, a European judiciary: there would be but one people in Europe. The idea was noble, not the means. In 2015 democratically elected European leaders, wrangled through the night to find a compromise, as they had been doing for sixty years, which was surely better than waging war.

Had Europe come of age? Could those fools who stood on the sidelines crying for disunion and strife: the little Englanders of UKIP; Podemos; the Front National, the PVV of Geert Wilders and others, be held in check? If not the dogs of war and strife would be unleashed and the consequences terrible.

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The time had come for a division of the spoils: Greece had lost and the moment for the carve-up of its assets had arrived. After an unequal battle the victors dictated their terms in a treaty that set out the sequestration of public assets to the tune of fifty billion euros. A massive fire sale that included the privatisation of infrastructure such as sea ports, airports, utilities, transport and logistic systems, all to be sold off to foreign bidders in order to secure a new bailout of eighty six billion euros.

Amongst the first assets on the block of the ambitious privatisation programme was a network of regional airports, the most profitable of which were those of the islands of Mykonos and Santorini, ceded in a fifty year

concession to the German operator of Frankfurt International Airport, owned by the German Federal and Regional authorities.

It was a grim warning to Europe and all those who chose, like the Greeks, to vote for corrupt self-interested politicians and parties concerned only by their own short term survival.

## MARKETS AND COMMUNISM

“I regret to tell you Pat, China has become one big casino,” Kennedy’s father-in-law told him. “Even people in the smallest towns and villages are buying and selling shares. Can you imagine that, even peasants, as Mao liked to call our small holders. Some people in Canton and Shanghai have even turned it into a full time job.”

“Yes sir,” Pat replied respectfully.

“When old men like me give up mahjong to bet on the market you can be sure trouble is brewing.”

It was nothing new to Pat, but to hear it from the horses mouth was. Kennedy had seen it all before, it reminded him of Dublin in 2008, when taxis drivers and barbers had bragged of the profits made from their property investments. Suddenly millions of Chinese from every walk of life were being drawn into a speculative stock market frenzy.

“Did you know the first thing they do when they wake up is check the market? Then they spend the rest of the day on their phones following the board, when they are eating, working and even in the metro or in their car. Believe me when I say they dream of flashing screens,” he said greatly amused at the thought.

The wise players were those who had got in first, a year earlier, and got out after racking up substantial gains, and as usual it was the late comers who paid the price as the bulls gave way to bears.

It was a far cry from Deng Xiaoping’s timid steps towards a market economy and another universe compared to that of Mao’s Revolutionary China. Hardy Communist peasants had been replaced by the kind of wide eyed punters who could be seen at the tables of Macau hanging on the turn of a card or a roll of the dice.

They were ordinary Chinese, drawn by the mirage of easy gains, those who had forgotten Communism, that is if they had ever believed in it. What attracted them was the lure of quick money and what they could buy with it.

For the two or more decades years the Chinese had watched a frenzy of construction: offices, appartments and shopping malls, which instilled in them a feverish desire to get rich, by any means, and quick.

“Let me tell you a story Pat. Last year I was in Paris with my friends. What did they want to see apart from the Eiffel Tower? Galleries Lafayette! Shops, shops and more shops! Of course it is complicated for them, they don’t speak English or French, they know nothing of European history, but they do know how to shop.

“We Chinese have only done what we have been told to do. Take the stock market, the state-run news media with its euphoric headlines, urged ordinary ordinary people to rush into the market and in doing so they have contributed to this bubble.

“Brokerage firms have made it so easy to open an account that nearly forty million were opened in second quarter of this year, that’s compared to nine million in all of 2014, can you believe that?”

It was a fact, the same brokerage firms had allowed their offices to be transformed into meeting places, almost like social clubs, where punters could chat, exchange tips and tell stories. Every day they cheered the closing bell as markets in Shanghai, Shenzhen or Hong Kong reach new highs. They learnt nothing from the 2008 crash when the Shanghai composite dropped seventy percent.

“You see we Chinese are inveterate gamblers. Did you read Lu Xun’s novel Shanghai Morning? Well it was exactly the same in the 1930s.”

Pat nodded, he had already read the long novel his father-in-law had given him, the Chinese and English versions, at least in part, enough to understand little had changed on the Shanghai Bund in three quarters of a century.

“Small investors were encouraged by reports in The People’s Daily, which encouraged people to put their money into shares with reports of remote villagers investing in shares,” he grimly told Kennedy. “Now those unfortunate villagers and millions of others are crying in their rice bowls, some bet their life savings and others lost their homes.”

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The policy restricting the families of government officials: spouses, children or children’s spouses, from running private companies by the Shanghai Municipal Government, the equivalent of a provincial government, had Kennedy concerned for the Wu family business.



“Don’t worry Pat, my father is semi-retired,” Lili reassured him, “he plays what you might call a wise man role in Guangdong politics. In any case officials’ relatives have been banned from being involved in certain business activities for years. It’s just part of their new crackdown on corruption.”

“Doesn’t it worry you?”

“No. Why should it? Our family business goes back to the days before Mao. We have always avoided overt corruption. These laws are designed to prevent blatant corruption, kickbacks, misappropriation of funds, illegal building permits and that kind of thing. Our business is textiles, electronics and banking.”

Pat nodded. There was nothing illegal in banking.

The Shanghai Government had discretely posted a notice on its website forbidding relatives of officials from engaging in business in the city. It included relatives of senior officials in city departments, district and county governments, and courts. The same officials were already prohibited from being involved in commercial or industrial businesses activities.

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The tales making the rounds in Shanghai and Shenzhen were reminiscent of Wall Street in 1929. Chinese financial markets had crashed ten percent in one week following an already huge twenty percent over the previous six weeks.

Some had been comforted by the government’s measures to stabilise the stock market, but July 27, signalled the start of a new rout with the Shanghai Composite falling a huge 8.47%. It was the greatest fall since the crash of 2007-2008, when over a twelve month period, that is from October 1, 2007, to October 1, 2008, the index fell from 5954 points to 1728.

Many had feared 2008 was the precursor of another depression. It was not. The same fears were being voiced about China and in the same way they were exaggerated, which did not mean that all would escape unscathed, those who had bet their life savings on the hope of an eternal rise in the prices of homes would certainly be hurt. As the hackneyed Wall Street saying went: a sucker was born everyday, though in China it would have to be changed to a hundred thousand.

Nevertheless, the crash was an indicator of the state of health of the world’s second largest economy. Beijing had been caught unaware and was scrambling to rein in the market forces it had inadvertently unleashed. It was evident that the stock market downturn reflected a wider economic

trend and future growth would certainly be less spectacular, a situation which would have repercussions on property, construction and infrastructure.

The real problem was that of excess capacity and a mountain of bad debt, there were many similarities with the pre-2008 situation in the West, which posed questions about the solidity of China's financial institutions and fuelled the fear of a hard landing.

This was reflected in the brutal fall of commodity prices, which would hit commodity based economies starting with Russia followed by Australia, Chile and South Africa.

China had a voracious appetite for energy and raw materials, consuming vast quantities of oil, coal, copper and iron ore from Australia, Chile, South Africa, the Middle East and Russia. Every single day, huge ships - just two or three of which could carry the equivalent of all the goods transported by all nations over all the world's seas in the days of Captain Cook - discharged their cargoes at Chinese ports, highlighting the interdependence and fragility of the world's economies.

## CHINA'S PACIFIC EMPIRE

Where the Andes dropped into the Amazon rainforests of Caqueta Province, over one thousand Chinese engineers and workers were building a hydro-electric dam that destined to provide sufficient power for almost a quarter of the country's needs.

Wherever Tom Barton travelled in Colombia, or its neighbours, he witnessed evidence of a vast Chinese plan to extend its influence and presence along the Pacific façade of the South American continent. Once regarded as the *chasse gardée* of Washington, Chinese interests were making their mark on the continent at lightening speed.

Barton was quick to see how his links to China could be of use, as projects from Chile to Honduras for sea ports, canals, refineries, dams, roads, railways and bridges were being planned and financed by Chinese banks and built by Chinese engineers.

South American leaders hailed Chinese investment and flattered Beijing's leaders for their interest in the development of their respective countries. For a century North Americans had scorned the world that lay beyond their southern border: underdeveloped, unstable, dangerous and at best an export

markets for American manufactured goods within the protectionist framework of Washington's policies.

Washington had not measured the transformation of Central and South America as the consumer society reached every corner of the continent. As for the region's leaders they realised consumerism replied better to their citizens needs than revolution and Marxism, as globalisation and Cornucopia reached out to every town and village thanks to introduction of modern logistics and technology.

Chinese credit oiled the mechanism of exchange, not only satisfying the needs of governments and consumers across the planet, but also that of China's industrialists and workers.

Beijing was accused of imperialism as its companies acquired mineral rights and market shares, the same companies were accused of environmental and worker abuse, but it was no worse than that which US businesses had practised for as long as the gringos had meddled in Latin American affairs, fomenting revolt whenever it suited them, including the Putin style putsch that led to the secession of Panama from Colombia a century before.

Rafael Correa, President of neighbouring Ecuador, was a persistent critic of Washington's policies towards his own and other Latin American countries. Coming from a modest mestizo background he was not endeared to the US, which he held responsible for his father's suffering and death after being imprisoned for drug smuggling.

Correa had refused to renew the US lease on a base at Manta on the Pacific coast saying: 'We can negotiate with the United States over a base in Manta if they let us put a military base in Miami.' He once joked that Hugo Chávez's comparison of George Bush to Satan was disrespectful of the devil.

Like many others, if not all Latin American countries, Ecuador had been held on a tight leash by the US, through the IMF and the World Bank. Bankrupt in 1999, the country struggled to recover and when China appeared in 2010, in the form of the China Development Bank, with money and promises, Ecuador had not hesitated to seize the opportunity.

Correa viewed the presence of China as a diversification of his country's foreign relations policy, rather than a substitute for the US. However, Ecuador, as an oil producer, be it modest, saw the bulk of its petroleum exports, representing nearly half of its revenues, go to China through PetroChina and Sinopec, both state-controlled Chinese companies.

The risk in Barton's eyes was the loss of control of natural resources if the conditions of the contracted debts could not be met, giving China the leverage to demand further concessions. Meaning producers of oil, minerals and other natural resources risked being drawn into loan-shark style deals.

Barton had often witnessed Chinese business methods, how they cajoled visiting delegations, offering them luxury hotels, tourist trips, banquets and karaoke evenings where alcohol flowed and girls abounded.

The greatest risk however, was to China itself. If the Chinese government was forced to draw back, then South American states and companies would find themselves stranded high and dry with a mountain of unfinished projects. And there was every reason to think this could happen if China was forced to concentrate its resources on its problems at home: falling growth and labour demand with hundreds of millions of Chinese workers and peasants caught in a poverty trap. This together with an aging population and a 'one family one child' society threatened the future of China and its magnanimity towards developing economies.

## JOURNALIST TURNED WRITER

"Liam, if you think I'm as rich as J.K. Rowlings, then you're mistaken," O'Connelly told the young banker."

"But you're not poor."

"Sure, it's a fact I've got a few millions, but Rowlings is mega rich. Most writers as as poor as door mice. Remember I'm a journalist, I started at the New York Times after graduating."

"What did you study?"

"Journalism. I also studied languages and have an MBA," replied O'Connelly without thinking.

"That helps."

"Yes, I suppose being a journalist I was lucky enough to have the contacts. If I have any advice to budding writers, it's to have another profession where they can earn enough money to live, then the rest is all bonus, if they hit the jackpot then they can retire from their job and enjoy writing."

"I'll remember that. What about piracy?"

"What about it? Personally I don't think it makes that much difference, the kind of people that download stuff on Internet aren't the kind of people that

would buy a book, or a film, at least not many of them. I don't see why books and films more than a couple of years old are not available free, they are in public libraries."

"That's pretty much against industry thinking."

"Maybe. Today what counts is something new, that lasts about a year, then getting it into a film or TV production, another couple of years. After that forget it."

"Do you think society is as bad as you see it in your books?"

O'Connelly laughed, it was a question he had asked himself many times.

Writers, whatever they wrote, reflected the society and the times in which they lived, and from whatever standpoint they represented. If their work reflected a dystopian society, it was because it was dystopian. For the majority of those who lived in the times of Charles Dickens or George Orwell their societies were dystopian. The fact that a few lived remarkably well did not compensate for those who lived in misery.

The proof was visible in the arrival of Corbyn, Tsipras and the leaders of Podemos, or at the other end of the political spectrum UKIP or the FN, on the forefront of the political scene, a consequence of the growing dysfunctionality of European society, where whole swaths of its population felt abandoned; men and women who saw their leaders as being out of touch, chasing skirts on scooters, building fortunes on the basis of the relations they built whilst in power, promoting the establishment elite by favouring old school pals, hobnobbing it with the stars, assuring sinecures for their retiring colleagues at the BBC, grabbing at jobs in government institutions in London, or the much maligned European Commission in Brussels.

The economic crisis that struck in 2008, had, instead of chastising those who had caused it, rewarded them. The victims: working and middle classes, who were punished with unemployment, falling incomes, lower savings interest rates and lower pensions.

At the same time the policies pursued by Western leaders, notably Bush and Blair, had led their nations into unwinnable and catastrophic wars, wars that were to tear the Middle East apart, causing death and chaos, creating dysfunctional states and waves of refugees not seen since the end of WWII: millions of innocent men, women and children fleeing the disintegration and destruction of their homelands.

The complexity of modern economies favoured a technocratic approach to government, bypassing democratic processes and in the process of doing so

alienating citizens. As a consequence voters turned to extremism, forsaking mainstream parties in favour of populist movements, lured by unrealistic promises at the risk of fuelling even greater disillusionment and disaffection with the established political process.

“Bad, I don’t know, but unpredictable yes,” O’onnely said. “The twists and turns that lay ahead make fiction appear look tame. The world is certainly a dangerous place.”

Vladimir Putin, who certainly had his own problems, must have smiled behind his hand when he saw Corbyn demanding the UK quit the EU and NATO; that London abandon its nuclear deterrent; when chaos threatened Athens; when Central Europe was invaded by waves of refugees fleeing the war in Syria; when Italy was flooded with economic migrants from Libya and Black Africa; when François Hollande dithered over the delivery of warships to Moscow naively wading into the Syrian imbroglio.

As globalisation accelerated and technical change transformed society, it was difficult for O’Connelly not to see the world in pessimistic terms. Vast waves of immigration, precursors of worse to come, could no longer be accepted as beneficial or perceived as a fraternal obligation.

Jean Raspail’s apocalyptic vision of the future in his novel *The Camp of the Saints* (1973) was visionary. At the end of the story the mayor of New York City is made to share Gracie Mansion with three families from Harlem; the Queen of England must agree to have her son marry a Pakistani woman; only one drunken Soviet soldier stands in the way of thousands of Chinese people as they swarm into Siberia; and Switzerland, resisting international pressure to open its frontiers, is relegated to the status of a rogue state.

The turmoil in the Middle East highlighted the existence of large numbers of Muslims in Europe as thousands of young men volunteered to join ISIS. What happen when the war finally came to an end, with its lot of embittered, hardened, losers returning home, was left to the imagination.

If Pat O’Connelly, as a young man, had been presented with such a scenario for the future, he would have seen it as a preposterous flight of political fantasy, pure imaginative fiction, though Gore Vidal’s *Messiah*, written in 1954, had made a deep impression on his young mind with the writer’s story of a strange world divided by Cavism and Islam.

**GRAND LARCENY**

If any proof was needed to show the world was moving in reverse it was a

new yacht ordered by the oligarch Andrey Melnichenko, baptised Sailing Yacht A, which as its name suggests would be a sailing yacht, the largest of its kind. It would be his second yacht, the oligarch was already owner of Motor Yacht A.

The rich spent nearly three billion dollars a year on their floating palaces. Over four thousand super-yachts sailed the seas, the larger vessels venturing to the Galapagos Islands and even polar regions. The label super-yacht designated those measuring more than thirty metres long, such as the late Michael Fitzwilliams' Marie Gallant II, which had measured nearly fifty metres from prow to stern, small compared to Tarasov's mega eighty metre Cleopatra, which in turn was dwarfed by his compatriot Roman Abramovich's Eclipse one hundred and sixty metres long vessel.

How, in the twenty plus years since Mikhail Gorbachev dissolved the Soviet Union, could certain Russians have accumulated do much wealth? Given the USSR had been a Communist State before Gorbachev's momentous decision, where all was owned by the people for the people.

At that time Russia could not be compared to modern day China; it was bankrupt and would take another ten years to start its recovery from Communism's ruinous legacy. Its industries in an advanced state of dilapidation; forty percent of its population had been lost with the independence of Ukraine, Belarus and its central Asia republics; and if that was not enough it had lost its captive satellites to the West: Poland, Hungary, Czechoslovakia, Bulgaria, Romania, the DDR and the Baltic States.

Yet men like Melnichenko and Abramovich had become rich beyond all imagination. How?

Saudi Arabia's oil wealth belonged to its princes and a small well cared for population. American billionaires were self-made men or those who had inherited wealth made over generations in the world richest and most powerful capitalist nation. On the other hand Russia's oligarchs reigned over a nation where the vast majority of its citizens lived a dismal existence, some in conditions of near misery, little changed since the time of Joseph Stalin, or even the czars.

For Russia's middle classes Putin's latest decisions were an unexpected turn of the screw. Seventy percent of all Russians earned less than seven thousand dollars a year ... that is before the rouble lost half of its value. With that kind of income an average working family with two children could not expect to buy a car, or at least a modern car, and was excluded

from owning electronic consumer goods like smart phones, flat screen TVs or laptops, not to mention foreign holidays.

The Russian middle classes were significantly poorer off than those in Western Europe and incomparably worse off than their American counterparts. As to the working classes, fifty percent of the population, they had to manage on less than five thousand dollars a year.

The hardest hit of all were those whose incomes fell below the poverty line, the numbers of which had risen significantly according to Rosstat, the official statistics agency, a consequence of rising living costs. Worse, the World Bank forecast more pain to come as public sector salaries stagnated, pensions fell and benefits dwindled.

The question begged as to how an oligarch could pay four hundred million dollar for a yacht when the Russian people were plunged into the severest economic crisis since the dissolution. Built in Germany by Blohm + Voss, and designed by Frenchman, Philippe Starck, Sailing Yacht A could accommodate twenty passengers and a crew of more than fifty. On completion the eight deck 144 metres long vessel would weigh over fourteen thousand tonnes, capable of a cutting through the waves at forty kilometres an hour.

The equality promised by seventy years of Communism had vanished in a befuddled whimper with the dissolution of the USSR and the creation of the CIS in December 1991. Gorbachev's resignation on December 26, would have left Lenin and his revolutionary comrades wringing their hands in despair. Their great adventure had brought the Russian people nothing. In the words of Gorbachev:

We had a lot of everything - land, oil and gas, other natural resources - and there was intellect and talent in abundance. However, we were living much worse than people in the industrialized countries were living and we were increasingly lagging behind them. The reason was obvious even then. This country was suffocating in the shackles of the bureaucratic command system. Doomed to cater to ideology, and suffer and carry the onerous burden of the arms race, it found itself at the breaking point.

Seven decades of revolution, civil war, bloodshed and suffering had spawned a new autocrat and a new form of aristocracy; a nobility that served the Kremlin, constituted by the well paid upper middle classes: entrepreneurs, managers, engineers and specialists.

In one hundred years Russian had turned a full circle and in many ways was poorer than the empire Nikolai II had ruled, since it now depended



almost entirely on its exports of oil and gas to survive.

Melnichenko and Abramovich were not the only Russians with a megalomaniac taste for extravagance. In spite of Russia's crisis, Vasily Klyukin, one of Sergei Tarasov's competitors, had just announced his intention to buy a super-yacht equipped with a helipad and helicopter.

They were members of their country's new aristocracy, the hundred or so oligarchs who controlled one third of Russia's economy. However, they lived in fear of the autocrat and if any proof was needed Abramovich's Eclipse was fitted with a missile defence system worthy of a James Bond blockbuster.

## AN IMPENETRABLE VEIL

The realization that the impenetrable veil that separated the world from the workings of the Chinese government would never be lifted came when Lao Wu whispered to Pat, things had been clearer in Mao's time, when one man was in control, even if his close followers had fought each other with drawn daggers.

Four decades after Mao joined the Pantheon of Communist deities, China was ruled by faceless forms that moved across the stage in a shadow show, expressionless ciphers, their roles ambiguous, their decision making process opaque, their objectives ambivalent. Like Cixi they ruled over China's vast masses from behind curtains, without any visible reaction to the every day events and concerns that impacted the Chinese people.

Perhaps that was fine when things went well, but who was answerable to the people when things went wrong, who was really at the helm?

Lao Wu's story of China's phenomenal growth, which was on average a mite under ten percent a year from 1989 to 2016, and continued to hover at around the seven percent mark ... at least according to government statistics, were a reminder of the extraordinary changes that had taken place.

"Just look at Shenzhen," he told Pat.

The city had grown from a village into a vast metropolis in less than four decades with its population growing from thirty thousand to an unbelievable twelve million and more.

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John Francis had told Kennedy how at the time when the frontier between Hong Kong and Shenzhen had been timidly opened, controls were

reminiscent of Soviet Russia in the sixties: interminably long lines policed by uniformed customs officials and frontier guards, baggage checks, currency declarations, visa inspection and questions, and harsh faces.

After the high barbed wire fences, set up along the narrow creek that separated the People's Republic from the world, the small town that juxtaposed the frontier, Samzan, or Shenzhen in Mandarin, was just another small and unremarkable Cantonese town, which had historically earned its living from the salt pans on the Pearl River.

According to Francis crossing the frontier between the Mainland and Hong Kong in those early days had been a real adventure. Kennedy had tried to image it, perhaps it was like Cuba or Estonia in 2000, when his adventures on behalf of David Castlemain had brought him to those to Communist states.

All that changed when Deng Xiaoping decided it would become the first of five Special Economic Zones; its proximity to Hong Kong, then a British colony, was his prime consideration.

"So you see Pat the population was multiplied by four hundred, or if you prefer," Wu said with a broad smile, forty thousand percent, "that's an average yearly rate of one thousand percent.

"That happened all over China, to a greater or lesser degree. Of course there are towns and backwaters that have not changed one iota, where there is no running water or electricity. But on average the GDP of China the growth has been an almost unbelievable six thousand percent. A real miracle."

Pat nodded. The information was not new, but it was something that needed repeating, over and over again, a metamorphosis rarely seen in the history of man. Perhaps only the British Empire had seen such a phenomenal growth.

"Remember Pat, the official growth rate figures today, four, five or six percent, whatever detractors say about their lack of transparency or realism, are still extraordinary when you consider the size of our country and from where it's come."

"Thanks to Communism," said Pat unthinkingly.

"Absolutely not."

"Oh!"

"If you read *Midnight* or *Shanghai Morning* you will see the germs of success were already there. Communism and civil war delayed the

transformation.” He paused for the message to sink in. “So you see a slowdown is relative.”

“Except for those countries that have become used to your ever increasing demand for raw materials and investment.”

“Ah, there we have those who think the winning roll will go on forever, all good things regretfully come to an end.”

“Let’s hope it won’t be sticky,” said Pat with a grin.

“Sticky?”

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A show of authoritarian government incompetence came in the way the stock market bubble was first allowed to develop followed by the botched handling of the inevitable crash. The world looked on agog. The methods, if the situation hadn’t been serious would have been risible. State owned institutions were ordered to step in buying up stocks, then trading companies were accused of illegally manipulating securities and futures exchanges and ‘malicious short sellers’ were arrested.

Barton doubted the ability of China’s inflexible government to lead the nation towards an advanced economy. If China’s leaders got their calculations wrong the temptation of returning to its old ways was too great, as Vladimir Putin had clearly demonstrated in Russia.

Behind the heavy veil of secrecy, political and business elites were engaged in a life of death struggle, a free for all, with no holds barred as to the way forward: the choice between economic progress and the political reforms.

Vested interests led to secrecy and conflict between the different factions of China’s ruling classes, where the losers often ended up behind bars. Wu confided to Pat Kennedy that certain of the most powerful families were targeted in the anti-corruption campaign in the same way Putin targeted his enemies.

As the political elites argued over questions that concerned the survival for the ruling establishment, China’s poor peasants continued to head towards the cities, exchanging their ancient way of life for the grim, dusty, outskirts of Beijing and regional capitals in the hope of finding work. Even though the flow of migrant workers had slowed, young men and women continued to leave their villages for distant cities, abandoning their spouses, children and elderly parents in the hope of providing them with the means to improve their miserable existence.

Without training or education the best they could hope for was a menial job on a production line while the most unfortunate struggled to survive collecting scrap or working like beasts of burden in the most squalid conditions.

It was nothing new. Twenty five years earlier John Francis had witnessed similar misery and beggars in the centre of Canton; a time when China's economy was gearing up for the economic miracle that was about to transform it and propel the masses into the third millennium. Times had changed. The race to development had more than achieved its initial goals. The question was whether the men at the helm could accomplish the next phase, to reach out to the distant corners of China and transform the nation into a modern consumer society.

Francis wondered whether the ongoing financial crisis was a mere taste of things to come, or just a passing event on China's ambitious road to attaining its own version of the American dream. What China's leaders feared the most was a situation that could escape their control, leading to a rebellion against the Faustian contract, in which economic prosperity was assured in exchange for unquestioned allegiance to the Party's leadership.

The signs of a slowdown had already started to appear. Just a few kilometres from the Forbidden City poor immigrant districts were feeling the pinch as demand for scrap and recycled materials fell. Other once prosperous sectors were being hit by overseas competition as the manufacture of labour intensive products, from jeans to basic electronics, were moving to new low cost production centres in Vietnam, Burma, Moldavia, Ukraine and Central America.

There were signs of labour unrest and migration to cities slowing down. Some said that it was indicative of a maturing economy, but nothing was less certain with six hundred million peasants, have-nots living in near poverty, were fixed to their television screens watching the antics of the haves at the feast.

The rust belt provinces of Liaoning and Heilongjiang in the north-eastern were hit as the demand for heavy industrial products fell after the country was hit by slowdown in construction and infrastructure projects. Certain observers spoke of unrest as a result of increasing debt as unemployment rose and demand, manufacturing and exports fell.

Authoritarian regimes had been consistently overthrown, suddenly and often violently, when they failed to fulfil the aspirations of their peoples, witness the Arab Spring or the Maidan uprising, not forgetting the collapse

of the Soviet Union.

It was however not the case of China, which was far from such an event, but the risks were there and growing economic stress increased pressure on the Party to carry out the necessary reforms.

“It is very difficult to know what is happening in Zhongnanhai, there are many worried people there today,” Wu told Pat.

“Zhong...?”

“Zhongnanhai, that’s in Beijing, where the Offices of the Central Committee, the State Council, the Central People's Government and other government organisations are located.”

“Oh.”

“It means Central and Southern Seas. When we say Zhongnanhai we are referring to the government ... like you say the Whitehouse or Downing Street.”

“I see,” said Pat noting the information for future use.

“It was part of the Imperial compound built around a park and lake adjoining the Forbidden City. It goes back eight hundred years and was modified during the Ming and Qing dynasties and was used by Cixi. In 1949, Zhou Enlai transformed it into the central government compound, where Mao, Deng Xiaoping and Zhou himself lived?”

Pat was pensive.

“Funny how the leaders of the people ended up in a palace of the emperors,” said Wu.

“Like the Kremlin.”

The living conditions in Zhongnanhai were certainly very different from those of many of the minorities who lived in China’s impoverished corners of undeveloped provinces, far from the capital, bypassed by the prosperity of coastal cities, without electricity and running water, and in a barter economy where most people had never seen a doctor.

The spectacle of the Shanghai stock market debacle had changed nothing for the poor, apart from the fact that they would remain poor. Those who lived at subsistence levels in miserable homes beyond the cash economy were not the top priority of politicians and officials in Zhongnanhai. Poverty stricken regions such as Henan and Hunan were starved of investment, crushed by pernicious corruption, and their young forced to emigrate to rich coastal cities in search of employment.

China’s growth model was broken, and the planned transformation from

an export oriented economy to one of consumption was unlikely to help those hundreds of millions of peasants lacking basic education, not to mind training of any sort, which of course excluded them from becoming consumers.

## THE HAND OF GOD

The Pope's visit to Cuba had made headlines in Latin America, but for Colombians an event of more far reaching and down to earth importance came a week later. The Cuban leader, Raul Castro, presided over the conclusion of an agreement between the Colombian President, Juan Manuel Santos, and the Farc led by Rodrigo Londoño, otherwise known as Timochenko.

Tom Barton for one was happy, it was a major step forward in ending five decades of conflict between the Colombian government and the Fuerzas Armadas Revolucionarias de Colombia, otherwise known as the Farc, a Communist guerilla movement. The agreement signed in Havana foresaw the signing of a final agreement to down arms in the weeks that followed.

It also signalled the normalisation of relations between Washington and Cuba after more than half a century of confrontation and embargoes.

Barton felt vindicated in his decision to put down roots in Colombia, which could now look forward to a period of peace and prosperity. His first move was to tweet Pat Kennedy, who on receiving the news called Barton to meet up in Havana.

Kennedy's enthusiasm bubbled over as he fixed his sights on a new Caribbean adventure. The chance to spread his growing New World interests into what would be a Cuban-American boom with the help of Tom Barton's Colombian family business.

## CHINA

As market volatility intensified, Tom Barton wondered what spark would provoke the next crisis. Like many analysts it was commodity markets that had been troubling him, a sector in which he had reduced his interests after its phenomenal expansion, a period during which China had gobbled up every kind of raw material imaginable to feed its seemingly endless growth.

Barton had watched as commodity producers invested by borrowing

countless billions on international markets; taking advantage of historically low interest rates. He like other cool headed investors knew it was only a question of time before the market soured and the precursor signs were already there for those who cared to look.

China could not go on forever growing and investing at the rate it had been doing for the last two decades. Suddenly, as always, the bubble burst. Shanghai's stock market plunged. Property prices fell. A crisis which announced a brutal deceleration of the country's voracious appetite for commodities as industrial production and construction went over a cliff.

Suddenly all eyes were on Glencore as its shares started to yo-yo dramatically. After a week of spectacular volatility, a sure sign that the commodity supercycle had well and truly come to an end, Glencore's shares plunged thirty percent. Investors asked themselves whether the company had been the victim of its own extravagant ambitions; the abrupt end of China's economic boom; low interest loans; or all three.

Glencore's losses totalled nearly fifty billion dollars, a gut wrenching sum even for Qatar Holdings, the Emirate's sovereign wealth fund and Glencore's largest shareholder. Since Glencore's peak the fund had marked up losses of monumental proportions.

As one of the world's most important commodity traders, Glencore, was very different from its peers in that it was not only a trader but also a miner with huge assets, a business model which theoretically should have given it a competitive advantage.

Forseeably the collapse of demand had quite the opposite effect and Glencore found itself in a desperate situation with its shares losing eighty percent of their value. With nearly twenty billion in derivatives Glencore posed a potential problem for financial markets in spite of claims it could meet its obligations.

All of a sudden City & Colonial found itself in the front line. Under Hainsworth's guidance the bank had heavily invested in commodity and energy producers in Australia, South Africa, Brazil, Russia and the Middle East.

Fear took over, driving commodity prices down sending Glencore into an uncontrollable spiral with outstanding debts of thirty five billion dollars and the imminent threat of demands for increased cash collateral.

If Glencore failed it would provoke a chain reaction, threatening the very existence of City & Colonial, which in addition counted resource companies such as BHP Billiton, Anglo American and Rio Tinto amongst

its clients, all of which had suffered steep declines in revenues and equity values, a potentially catastrophic situation.

Whatever the outcome it was clear in Barton's mind the Glencore episode would be repeated many times over once interest rates started to climb and indebted businesses and nations found themselves caught like rats in a trap, after being lured by the bait of cheap loans and low interest credit.

His years as a City mortgage broker reminded him of how the alternative to unsustainable debt was bankruptcy, bring with it the spectre of the poorhouse, transforming those who had fallen on hard times into social and moral outcasts.

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Pat had seen the bad news coming. The collapse of commodity prices was a harbinger of things to come as China's economy slowed. An economic model in the throes of change as production exceeded export demand. Where the only alternative outlet was to develop the domestic market, increasing home consumption of both goods and services.

The problem was China's domestic market had, at least for the moment, not responded to the change, and as no other market was available to pick up the slack, the outlook was negative.

The generally held consensus that billions in the developing world would soon attain middle class purchasing power far off the mark. To start with India was no where near catching up with its neighbour, and those regions of the world that had looked so prosperous exporting oil and commodities to a previously booming China were now in the dumps.

The idea that China's boom could go on forever, drawing developing nations along in its slipstream, requiring unprecedented quantities of raw materials, had created the lure of huge profits, driving oil, copper, iron ore and cotton prices to all-time highs, leading to a headlong stampede to invest in the production of commodities.

It was the definition of middle class that posed the question. If one listened to the experts, the majority of the Chinese population, according to their definition, had reached middle class status. However, most of those, as well as those in the developing world, that is eighty percent of the world's population, had incomes below that of the US poverty line.

In all it was a distorted vision since from a global view nearly ninety percent of those living above that strict definition of the poverty line lived in the US and Europe.



Whatever, the supposed Chinese middle class was clearly incapable of absorbing the massive oversupply of raw materials produced thanks to Western investment and debt encouraged by easy money and low interest. The printing of trillions of dollars, euros, yen and pounds had created a massive commodity bubble that overflowed into financial and property markets, creating a fugacious wealth effect.

The revenues of Brazil, Chile, South Africa, Asia, Australia and Russia collapsed as their mountains of unsold iron ore and copper grew and their miners faced the spectre of bankruptcy.

For a few the collapse of commodity prices brought a welcome surprise, amongst them was owners of INI Hong Kong, who looked on with undisguised schadenfreud as City & Colonial, nine months after grabbing control of INI London, found itself on the end of a sharp hook.

Hard hit by the stock market rout in China and its investments in commodities, more precisely its interest in Glencore, whose share value had fallen a backbreaking eighty percent, City & Colonial was forced to restructure its holdings and consolidate its market position after the bank's commodity trading unit incurred massive losses.

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Francis' role as head of the think tank set up by Michael Fitzwilliams in 2007, was to analyse world events, anticipate crises and pre-empt the negative effects they could have on the functioning of his banking group. As such Francis had warned the banker of the growing risks of Russian business, but even he had not see the Ukrainian Maidan uprising, the ousting of Viktor Yanukovych and Vladimir Putin's reaction. It was a Black Swan event as was the seizure of the Crimea and imposition of sanctions against Russia by the West.

No one had seen the reversal of Russia's policies in 2014 and 2015. On the positive side Francis had foreseen the volatility of oil prices, which in reality had not been that difficult. But for all the wrong reasons. What changed was not American shale oil production, but the speed with which it had pumped up levels of production. That conjugated with Putin's Ukrainian adventure had seriously blurred his vision.

Much worse was the totally unseen, or even imagined, predatory move by City & Colonial, aided by the British Treasury, to dispossess Fitzwilliams of his bank. The coup had arrived so astonishingly suddenly the banker had been literally hoodwinked into signing away the control of his bank, all because of a liquidity spike that had not lasted forty eight hours.

Since the advent of the drama, Michael Fitzwilliams had gone. The elections were over; the Tories had been returned to power; banks would not quit London; and Labour would not ruin the country. Even that bastard, Hainsworth, who had set up the organised theft of the bank had been expedited into early retirement.

The commodity bubble had burst and Sir Alec Hainsworth was accused of presiding over a Johnny-come-lately policy of financing exporting countries in their reckless expansion race.

Commodity producing countries saw themselves not only burdened with vast stocks of unsold, overpriced, raw materials, but huge debts, much of which had no chance of being repaid. Accused of straying foolhardily outside of the bank's traditional activities, Hainsworth was forced to step down, as the banking group announced a series of economic measures, which included deleveraging and the sale of its interests in a number of subsidiary holdings, notably in INI London.

At the beginning of the year Hainsworth had grabbed control of INI London through an injection of fresh capital against a new issue of shares bearing special voting rights, giving City & Colonial a controlling interest, ousting Fitzwilliams from the board and leaving his family as simple shareholders.

That capital had been raised via a complex private placement montage in which City & Colonial and a number of high net worth individuals participated. Certain of those individual investors were Chinese, who after being caught short in the Chinese stock market bubble, sold their shares in a behind closed doors arrangement to Pat Kennedy and the Wu family.

The fact Hainsworth had not understood the multifarious structure of INI Holdings and its Hong Kong and Chinese emanations was another of his hastily made miscalculations. INI had not been the monolithic entity he had imagined, unlike City & Colonial itself. In a certain manner of speaking, apart from its City interests, INI was to all intents an almost a virtual entity, with its various external holdings quasi independent.

The Wu family moved swiftly acquiring City & Colonial's remaining interests in INI London and promptly announced the relocation of its headquarters to Hong Kong, thus consolidating its existing interests in INI Hong Kong with Pat's brother-in-law as CEO.

A new generation of the Fitzwilliams family, led by his nephew, regrouped their different interests in Castlemain Holdings Ltd., a bank that had been incorporated in the Caymans by his uncle in the nineties, specialised in

private banking, investment and asset management, and offering a wide range of investment strategies for a small number of very select clients. The family holdings included interests in INI's Irish Union Bank in Dublin, Nederlandsche Nassau Bank in the Netherlands with its Caribbean branches, as well as properties in Ireland, the UK, France and the Caribbean. In addition a new management hub, Castlemain Private Capital, owned and managed by George Fitzwilliams, a nephew and successor of the late banker, was established Mayfair, London, one of the world's leading hedge fund centres.

## HONG KONG

Hong Kong had become Kennedy's home, at least one of them, another of the different universes in which Pat Kennedy moved in his blasé way.

Liam Clancy, much younger than Pat, saw it in a different light. Hong Kong had so much to offer, it was awash in money, restaurants, night clubs, markets, shopping, fashion, art, culture and exhibitions.

But what attracted Clancy was its night-life. He was not content to return to a silent company apartment after work. He was drawn by the lights of Lan Kwai Fong, the legendary night-life zone in the middle of Hong Kong's busy Central business district, the economic and financial heart of Hong Kong with its high concentration of foreign business, banks, multinational and government offices. LKF as it was known was the kind of place where a young banker could relax with people of his own age.

On occasions the bank organised events in the night-life district, attracting young people from fashion houses, real estate firms, investing houses, the sons and daughters of the rich, and young entrepreneurs from the Mainland and the world. LKF had spread to the neighbouring streets and beyond and was the scene of regular street events and carnivals attracting dense crowds of visitors in search of an evening out in one of its hundred or more bars and restaurants.

Liam and his friends usually started with a ritual bar crawl, followed by dinner in more often than not in one of the small restaurant in Wing Wah Lane, where Japanese, Indian, Malaysian, Indonesian or Thai specialities abounded, where the food was good, before ending up in one of the trendier night clubs in or near Central.

Liam Clancy, after starting out as a trader in Dublin at the Irish Union Bank, had quit home in desperation for crisis racked Spain in 2009, after

the collapse of the Irish banking system. His idea was to make a new start in the sun where he had hoped his reserves would allow him to ride out the worst of the crisis.

After the excitement of Marbella faded, he set to work to build a consultancy providing expats with advice on their property investments and finances, a difficult enterprise given the hard times. A great many Brits who had retired to Spain saw their hopes dashed as the value of sterling dived along with Spanish property prices leaving them to repay loans contracted in euros far from home.

After two years, just when the going had gotten really hard as Liam and his two associates struggled to make ends meet, he was offered a job in the London offices of his former employer when business was starting to pick up again in the City, where Michael Fitzwilliams' bank had entered into a partnership with Sergei Tarasov's Russian banking group.

One of the partnership's ventures was a new property fund set up by Pat Kennedy, the bank's business development director. A new and dynamic team was formed under Tom Barton, the fund manager, who on Kennedy's recommendations hired those the bank knew and who knew the bank: their ex-traders.

Liam Clancy was amongst the first. With his experience at the bank's pre-crisis trading unit in Dublin and the knowledge he had gained in Spain he was an ideal candidate. The tall good looking young man with a soft Kerry accent had acquired a smooth continental style, all of which made him an automatic choice for Kennedy, who naturally preferred an Irish lad to an English public school type.

Kennedy took Liam under his wing, he liked his self-assurance and his positive out-going attitude. Clancy progressed rapidly, taking on responsibility, building the property fund's portfolio under the guidance of Tom Barton, making a name for himself at board level where he was seen as a young man going places.

Following the City & Colonial grab, Clancy, finding himself in a delicate situation vis-à-vis the new management, jumped at the opportunity Kennedy offered him in Hong Kong where his International experience and his budding knowledge of China made him a valuable asset.

Kennedy feared a Brexit, a vision that seemed to be making more and more headway in British public opinion. The idea appalled him, an idea he shared with Clancy, as they realised the damage Little Englanders could do to the European dream. Liam had seen the idea of an independent Catalonia

grow, Pat the effects of Basque Nationalism, and whilst neither was against regional cultural expression, the thought of a multitude of small states clamouring for their rights did not seem to be the way forward in what had become a fragile, if not dangerous, world.

## SYRIA

It was just a question of time before Putin moved and when he did he didn't hang around waiting for international approval, in his usual brutal take it or leave in manner he gave the Americans an hour to clear Syrian airspace.

The contrast with the West's timid actions couldn't have been starker. Barack Obama, the de facto leader of the Western World, had earned the sobriquet of 'Hamlet in the Whitehouse', the 'to be or not to be' president, who, at a perilous moment in the modern history of the Middle East, was incapable of acting decisively.

While Obama dithered the Duma authorised air strikes, the Orthodox Church declared a holy war and Russian warships in the Caspian Sea launched cruise missiles against Syrian rebel strongholds.

Whatever the methods it did not disguise the fact that Western policy in the Middle East, plagued with division and indecision, had been a disaster for the region and Europe would reap the fruits of the chaos it had sown, a vast uncontrollable flood of refugees.

Twenty five years after Saddam Hussein's invasion of Kuwait, the situation in the Middle East had gone from bad to worse to catastrophic. Syria, Iraq and Yemen were embroiled in disastrous civil wars. The Lebanon and Jordan were invaded by millions of refugees. Turkey was on the point of being dragged into the conflict as it turned against its own Kurds and sided with its Sunni co-religionists, notably Saudi Arabia and the Gulf states, in a holy war against Iran and its Shiite allies.

Israel watch from the sidelines with barely disguised schadenfreud as its Arab and Iranian enemies fought a proxy war. However, its own latent conflict with Palestine remained and the smallest incident could rekindle the flames.

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The idea that Western democracy - as preached by illuminated idealists, philosophers, do-gooders and the like - could take root in the Middle East was stillborn. Grafting Western notions of secularism, rationalism and,

above all, democracy was an impossible task. The Arab Spring had withered: Egypt had reverted to military dictatorship; Libya was torn by civil war; and Tunisia, from where hope had sprung, was struggling as its tourist industry had all but collapsed after terrorist attacks had left dozens of tourists dead.

The Noble Peace Prize awarded to Tunisia's National Dialogue Quartet was symbolic of the Arab World's lost cause. The divisions of the Arab world were a vestige of WWI; the ill thought out division of the Ottoman Empire; the creation of the State of Israel; and the world's voracious appetite for oil.

The West's vision of democracy had led the fight against totalitarianism and dictatorship, which had been long and bloody: Korea, China, Vietnam, Soviet Russia, Afghanistan, South and Central America and now the Middle East, but in terms of auto-determination those wars had borne little fruit.

Certain had successfully transformed their economies, others had reverted to neo-authoritarianism, as for North Korea it had become the worst example of a dynastic tragicomic state, its leader a more terrifying version of Charlie Chaplin's Herr Hynkel.

The George Bush's invasion of Iraq, based on flawed intelligence related to weapons of mass destruction, concocted by his administration, had led to a decade of bloodshed and a war that transformed centuries of simmering discord between the two great pillars of Islam into a bloody confrontation: the Sunnites led by Saudi Arabia and the Shiites by Iran.

The division of the Arab world had been secretly agreed in May 1916, as WWI raged. Sir Mark Sykes and François Georges-Picot were appointed by the British and French governments respectively to decide the fate of the Ottoman empire, which had sided with the Central Powers.

Russia would get Istanbul, the sea passages from the Black Sea to the Mediterranean and Armenia; the British Basra and southern Mesopotamia; and the French a slice of the Lebanon, Syria and Cilicia. Palestine would become an international territory.

After the defeat of Germany and its allies the map underwent a number of changes, however the principal of the Sykes-Picot carve-up remained with the seeds of future conflicts: the irreconcilable promises made to Arabs and Jews, the cause of a quasi permanent conflict between Israel and the Arab world.

The patchwork of the Middle East's conflicting populations was visible in

the Syrian civil war where hundreds of thousands of its citizens died and millions fled, seeking shelter beyond their borders, as the butchers of ISIS wreaked terror and Russia jumped into the fray.

Russia's spectacular and unexpected intervention in Syria boosted Putin's image as a post-Soviet hero at home as the war in Ukraine ground to a halt and the euphoria over his annexation of Crimea faded. Russian warships launching cruise missiles from the Caspian provided a welcome diversion from the bad news on the economic front, the result of sanctions, falling oil revenues and a devalued rouble all which were starting have their effects.

Were the doomsters always wrong? Throughout history there had always been prophecies of things to come and in particular those of *mauvaise* augur, including those of Michel de Nostredame (Nostradamus), Moshe ben Maimon (Maimonides) and the Reverend Thomas Robert Malthus, not forgetting those of every religion known to man.

Bad things really did come to pass and in every civilisation. One needed to look no further than Assad's Syria to find a modern day example. Death and destruction had been wreaked in that small country on a scale not seen since the Wars of the Crusaders. For centuries a delicate balance had been preserved between the multiple factions of Syrian society by its rulers, more especially the Ottomans. Syria as a nation state was new, arbitrarily determined by the Sykes-Picot plan. Damascus, however, it had been at the centre of regional politics for centuries and as such its peoples had known relative peace and prosperity.

Suddenly, in an unforeseeable wave of revolt, it was torn asunder by an unimaginably barbaric conflict, a mosaic of conflicting interests in civil war that pitted one community against the other, igniting religious hatred, political chaos, reducing the country to a rump of its former self with Damascus and its suburbs surrounded by rebel held fiefes.

What had provoked the frenzy of killings: the barbaric beheadings and torture of Syria's citizens, the barrel bombing of cities, towns, hospitals and schools?

The brutal breakdown of human society was never far away when extremist forces were set in motion. Beyond the strife torn Middle East was the Ukraine and nearer home the spectre of the possible collapse of Greece.

Unlikely? Why? Less than twenty years previously the Balkans had been torn apart by a terrible civil war. The stakes were high as Brussels and Berlin played a deadly, drawn-out, game of poker with Athens, the result of which could leave the south-east corner of Europe prey to political

adventurers of all kind.

## HARD TIMES

Almost immediately after his disembarkation at Moscow's Sheremetyevo International Airport, John Francis spotted the signs Russia's deepening economic crisis. There was a discernible hardening of faces, recalling times past when Russians' struggled to survive during the chaos of the Yeltsin years and a reminder of his first visit to Moscow at the time of Leonid Brezhnev, then a city veiled in secrecy and fear, when few ordinary Russians dared exchanging glances with strangers.

That Russia was running out of money had alerted rating agencies, prompting them to issue a stream of alerts warning lenders and investors alike of the country's fast deteriorating public finances.

Behind the visible war in Syria, in which Putin had embroiled his country, was a war of stealth led by Saudi Arabia and its Sunnite allies, in which the principal arm was oil. By flooding markets with low cost oil there was no prospect of short term recovery for Russia, and beyond Saudi Arabia's role was America's shale oil industry, a deadly arm if used to undercut prices and prevent Russia from borrowing on world markets at affordable rates.

To pay for his war Putin gambled his country's foreign exchange reserves, a desperate ploy considering the government's huge budget deficit, which had reached alarming proportions as oil and gas revenues dwindled after having accounted for half of the government's budget during the boom years when oil reached one hundred and more dollars a barrel.

In its desperation the government squeezed oil and gas companies to bridge the gap, a move that would surely hobble their investments for the development of new fields, a souvenir of the short-sighted policies during Soviet times.

Bloated defence spending had driven Brezhnev's Russia into a dead end and Putin's government with its immoderate ambitions was heading down the same road spending billions on sophisticated military aircraft and missiles for its armed forces.

The idea that Putin could wave a magic wand and relaunch Russian manufacturing was ludicrous, there was no way Russia could compete with China, the USA and the EU. The USSR with its empire and satellite states had not succeeded in building a competitive economy and a dramatically



reduced CIE had no chance, unless it regressed to autarchy, a Soviet style economy producing shoddy, but costly, consumer goods, cars, computers and all the rest.

As it was its non-oil exports had fallen by a quarter in 2015, despite a fifty percent devaluation of the rouble, as had investment levels.

The Russian economy was shrinking at an alarming rate. Even before the ongoing crisis long term forecasts had projected a decline in its economy given the country's structural difficulties, and especially its declining population. On a comparable scale in dollar terms its economy was half that of France, smaller than that of Texas, or the size of Spain's. The idea that Russia was a self sufficient world power to be reckoned with was risible ... if it wasn't for its nuclear arsenal.

Visiting Ekaterina's family Francis learnt real incomes had fallen nearly ten percent and food prices had jumped almost twenty percent, a disaster for the average Russian family, confirmed by the words of a former deputy economy minister, who remarked if things continued in the same direction the average family would soon be spending half of its income on food.

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John Francis was met by a constant stream of criticism of the West from Ekaterina's friends and acquaintances. Of course he understood defending their country and leader was normal, considering the constant flow of news pumped by RT, the state controlled media machine, designed for the eyes and ears of the Russian public, accusing the West and more especially the US of conspiring against Russia and its friends.

Muscovites were naturally proud of their achievements following the chaotic period that followed the dissolution of the Soviet Union. They were better-off materially speaking: consumers, like the Westerners at whom they now aimed their anger.

Not all members of the EU were in step with sanctions imposed by Brussels. One was Latvia, which continued to function as an offshore banking centre for Russia. There, Russian owned banks continued to flourish inappropriately aided by the BERD, the European Bank for Reconstruction and Development, in which the US was the largest shareholder.

There were however Russians who harboured doubts about the Kremlin's direction. Internet provided a window on the outside world for those who spoke English and since the rise in relative prosperity many ordinary Russians travelled abroad for their vacations.

As Putin's confrontation with the West accentuated, the rouble declined and inflation climbed, doubts grew. Russians became cautious and introspective. Those with the means chose expatriation and headed for London, Berlin and New York. The more wealthy bought properties in London and other safe havens, and those who could acquired a second passport from compliant foreign governments.

Francis detected a sense of resentment in the Russians he met. In their search for scapegoats they pointed to Ukrainians, sanctions, dissidents, gays, and a conspiracy to destroy Russian oil and gas exports engineered by Wall Street and the CIA.

The chief cause was the West's refusal to accept Moscow's annexation of the Crimea, an action which few Russians had opposed. Ekaterina described the fear of ostracism by those who questioned Putin's vision of a Greater Russia in a society nostalgic for the USSR. Broader minded Russians saw the Kremlin caught in a quandary, uncertain of the way forward, its plans frustrated by falling oil prices, sanctions, inflation, devaluation.

The cost of the Crimea, its support of Ukrainian separatists and the war it was fighting on behalf of Bashar Assad's besieged government in Damascus bore heavily on Russia's finances.

Putin had lost a series of bets, he had persistently backed the wrong horse, and his hold on power weakened. Russians could not eat glory, they needed jobs, stability and prosperity and their faith in their leader had its limits in a world where news and opinion travelled at Internet speed.

## DIVERSIFICATION

Tom Barton had diversified his investments by placing money in Colombian assets. There were numerous long term opportunities in oil, mining and minerals; the country was blessed with vast coal deposits along with oil and gemstones. He was however troubled by the long-term prospects of fossil fuels as public awareness grew on questions of environment and climate change.

The pollution of the environment, especially atmospheric pollution, caused by fossil fuels in and around the world's great cities, could be seen with the naked eye wherever one looked, more especially in China's huge cities.

In spite of that oil, gas or coal would continue to be present for a long time

to come before inevitably falling into disfavour as other choices such as solar energy became economically viable.

Barton did not want to be left behind by a changing world, he wanted to assure the continued fortune of his new family. Starting with the new lithium deposits discovered in Chile and the Andes. He had seen how the use of solar energy had exploded along with the possibility of storing energy through the development and use of lithium batteries.

For all that Barton's faith in US shale oil had not been shaken by setback following the fall in oil prices, even if traditional drilling and production companies had been forced to shelve new investments. If prices recovered most shale oil wells had the advantage of being able to restart production almost instantly.

Fracking costs had fallen as new techniques cut drilling and pumping reduced expenses by up to fifty percent. The introduction of new technologies would cut water needs and pollution, boosting production in for example the Permian Basin in Texas, which could alone produce five million barrels a day, that is more than the giant Ghawar field in Saudi Arabia, the largest traditional oil field in the world.

Though the days of the medieval Wahhabi regime were not yet counted, hope was in sight. OPEC's stranglehold on world markets, barring all out war between Iran and Saudi Arabia, was broken as US shale producers could quickly crank-up supply when needed, freeing for the first time in decades Western economies from the domination of energy markets by OPEC and Russia.

## **Chapter 14**

### **THE WAVE**

Francis from his position at Trinity College had seen more of the world in the ten or so years since he had become the bank's advisor than in the previous twenty five. It was not as if he had not travelled the world before, he had, but not with the same intensity, or with the same means. In the past it had been conferences, research programmes, exchanges and the like, paid for by different institutions. From time to time he had undertaken work for banks and businesses, not forgetting events organised by his publishers.

However, although he had travelled in various degrees of comfort, he had never enjoyed the luxurious style offered by INI.

To say he was very pleasantly surprised when he discovered the bank's limitless means would have been an understatement: travelling with Fitzwilliams or Kennedy was akin to travelling with royalty. That said he soon got used to it and ended up joyfully riding the gravy train.

As an academic his world had been one of intellectual reflection, at times far removed from real life. With Fitzwilliams he had learnt to see the world with another eye: how the mechanisms of economic reality were oiled; how the rich really lived; and how the poor survived in the kinds of places he would have never normally travelled to.

As a young man he had been oblivious to many of the realities of life. In his student days he had adhered to the idea the world's sufferings were the fault of the rich and their corrupt political fellow travellers. Those illusions were now far behind him. The world was a much more complicated place and a few good intentions were not about to change its dangerousness.

In his lifetime the population of the underdeveloped world had exploded and were now threatening Europe, it was a thought he would have abhorred in the past, now it was a tangible reality.

The flow of migrants had become a torrent. The populations of the southern and eastern Mediterranean nations multiplied; those of Africa expanded with explosive force, growing to three times greater than that of the EU in less than a couple of short generations. At the same time the pressure of war, strife, hunger and disease undermined the fragile foundations of nations unable to confront the social and economic challenges that faced them.

Against this catastrophic backdrop Europe became a magnet, an oasis in the wilderness, one that would be engulfed unless politicians acted, abandoning the sterile hackneyed ideas that had borne them along since 1945.

Only a solid unified Europe could offer hope to those benighted regions, but Europe's political establishment and its institutions were rarely capable of anticipating geopolitical and economic events of importance. In the case of Russia, Vladimir Putin with all the means at his disposal had not seen the collapse of oil and had embarked on his dangerous adventure in the Ukraine followed by his intervention in Syria, policies that would cost the ordinary Russian dearly.

Political events were settled by negotiation, compromise and on occasions

by force. But how could the millions of individual migrants in search of a better life be persuaded from embarking on the perilous journey to Western Europe's shores. They sought economic security, not the kind of passing pride Mr Putin offered to his people. The proof was there to see: no one was heading for Russia, in fact young Russians were moving West, joining the growing numbers of their compatriots already in London and Berlin.

The flow of migrants had already reached unsustainable proportions. A stroll through the streets of almost any European capital was sufficient to convince even the most fervent believer in Europe's capacity to offer a home to the world's poor had been reached.

The UK, France, Germany and Italy could not provide adequate homes for their own poor let alone a new flood of migrants. Europe's health, education and benefits systems were folding under the strain imposed by the constant flood. As for gainful employment for the new arrivals there was little hope in economies already stricken by high levels of unemployment.

The implications for governments were enormous. European voters, who suffered the consequences of politicians refusal to act by securing borders and transforming the EU into a viable union, expressed their discontent by voting in increasing numbers for extremist parties across Europe.

## CASHING OUT

Tarasov, thanks to his association with Fitzwilliams, had succeeded in putting a large part of his fortune beyond the reach of the Kremlin, as had other Russians before him, including Roman Abramovich, Len Blavatnik, Eugene Shvidler, Alexander Knaster, Konstantin Kagalovsky and Abram Reznikov to cite a few. They, who had made fortunes on the backs of their fellow countrymen, were the lucky ones.

A quarter of a century had passed since the dissolution of the Soviet Empire. Following a simply declaration by Mikhail Gorbachev the Soviet Empire disintegrated into its component parts, with Russia becoming the Russian Federation, which was not exactly the kind of rump state Austria became at the end of the Austro-Hungarian Empire.

The Federation covered a territory of seventeen million square kilometres, almost double that of the USA, could count on vast reserves of gas, oil and minerals. In addition were industries as varied as space, aeronautics, armaments, automobiles, iron, steel, and all the products of a modern state,

be it many of which were seriously run down and certain on the verge of bankruptcy.

Russia, a Communist run state for three quarters of a century, had literally been metamorphosed overnight, the only problem was the ways and means to transform its loss making state run industries into profitable private enterprises.

The collapse of state institutions inevitably led to a chaotic handover, and handover it was, given the successive devaluations of the rouble. In a reversal of Lenin's Bolshevik Revolution, one of the greatest transfers of wealth the world had ever seen had taken place, one which gave birth to a clique of hugely rich individuals, soon to be known as oligarchs. These along with their minor peers, divided the cake, that is the entire state owned industrial and distribution apparatus, under the patronage of a corrupt class of politicians and leaders.

It took a quarter of a century and Vladimir Putin to rein in the oligarchy and business classes, who were effectively transformed into the Kremlin's marionettes. Ownership and dynastic succession depended entirely on Putin's whims with no effective system of transferring wealth from one generation to another and little or no legal framework to protect the assets of Russia's nouveaux-riches.

The Russian tradition of dynastic wealth ended when the Bolsheviks seized power almost a century earlier and the aristocracy was destroyed, notably under Stalin's reign of terror. The new post-Soviet economy was shaped by Putin with his system of rewards and punishment, where the prosperity of Russia's rich depended on their continued good relations with the Kremlin and its network of lawmakers, regulators and tax authorities.

Those whose loyalty was in doubt saw their wealth seized, were imprisoned or even murdered.

Khodorkovsky of Yukos Oil was an example. Convicted of tax evasion, money laundering and embezzlement, he spent a decade in prison. Others like Mikhail Guryev, whose fortune was estimated at more than four billion dollars, were luckier. Guryev was one of the few who succeeded in passing the control of his London-listed company to his son.

Putin's system not only held the power of life and death over Russia's oligarchs, it kept the tens of thousands of middle sized businesses under surveillance, the owners of which faced the constant threat of losing control of their assets, their only hope being to sell their businesses and put their capital out of the system's reach.

## A SETBACK

The news felt like a body blow. The shock of Wang's decision to postpone the start of his transoceanic canal construction came out of the blue. Pat had been aware of the rumours circulating about Wang's losses, but he had not realised the tycoon's situation had been so dramatic.

The Chinese stock market crash had laminated Wang's fortune which at the start of the year had been estimated at over ten billion dollars, since then it was estimated to have fallen by ninety percent, a spectacular reversal of fortune. If his information was right, Wang was worth a mere one billion dollars, not much more the Pat's own personal fortune and he was not about to finance the gigantic canal project.

The news of Wang's astonishing reversal of fortune came just as Sandinista lawmakers overwhelmingly approved a motion that granted the HKND Group a concession to design, build, operate and manage the canal and a whole series of linked projects, including two deep water ports, airports, an oil pipeline, six tourist complexes and free trade zones.

With the environmental study just being approved and excavation on the canal scheduled to start toward the end of the year, the project director spoke of fine tuning, but the announcement of a twelve month delay was a bad omen.

As usual bad news never came alone and before Pat could absorb the implications, which in reality was not more than a loss of effort and face, the Shanghai stock market index took another dive. After regaining a little ground in August it plunged five and a half percent, which meant more pain for Wang.

It had been a lousy year and as things were going, thought Pat, it was heading for an even lousier end.

Ominous cracks were appearing in China's financial markets with the announcement its biggest brokerage, Citic Securities, part of China Citic Bank, the seventh biggest in China, was in trouble. It seemed that a stupendous error on their part had been the cause of China's stock market turmoil.

The bank was founded in 1979, under Deng Xiaoping, by Rong Yiren, a so-called Red Capitalist, whose family of industrialists was one of the few of the pre-1949 period to have survived Mao's revolution.

“Rong went on to become Vice President of China,” Angus MacPherson told Pat. “Which shows anything can anything can happen in China. It’s a story directly out of one of your Lu Xun novels,” Angus added with a wry smile.”

Rong’s family had owned an industrial empire of flour and cotton mills in Shanghai and when the Communists took over rather than flee to Hong Kong or Taiwan as many businessmen did, they stayed. His family continued to run their company until 1956, when all private businesses were nationalised. However, they were compensated and he was appointed the vice-mayor of Shanghai.

Citic Securities, having overstated its over-the-counter derivatives business by a gargantuan one trillion Rmb, explained the errors were the result of technical glitches. But deliberate misreporting was suspected so as to conceal the situation of their clients.

Angus McPherson was not surprised by anything, his long experience in Hong Kong and Mainland China was not just limited to banking, he was also well read in modern Chinese literature which offered numerous tales of roguery in the days when international powers reigned over the Treaty Ports, among those were the classics of the period: *Shanghai Morning and Midnight*, written between 1930 and 1950, when rich Chinese business brazenly manipulated markets in their race to get richer.

Citic’s chairman resigned and the firm’s executives arrested following the stock market’s when the Shanghai Composite Index fell by over forty percent. Short sellers and fund managers were arrested in classic Beijing style as banks were raided and brokers were accused of insider trading.

## PARIS

The last leaves were falling from the trees when Liam Clancy checked into the Pavillon de la Reine on place des Vosges in Paris. It was mid-day and Gisela would be arriving from Cologne at Gare du Nord in another couple of hours. They planned a romantic weekend in the French capital: a visit to the nearby Musée Picasso; a stroll through Le Marais to admire the hôtels particuliers built in the sixteenth and seventeenth centuries by rich nobles; and of course shopping in the district’s many stylish boutiques.

That evening, Liam eager to show Gisela Paris, impress her by meeting Pat O’Connelly and his friends, had gladly accepted O’Connelly’s invitation for a before diner drink at his apartment on quai des Célestines a five



minute walk from their hotel before diner at a restaurant near the Bastille.

Gisela had met the writer at the Cartagena Film Festival, but at the time it had been a swirl with so many people that she barely remembered him. This time it would be more intimate, just O'Connelly and his partner.

The weather was unseasonably warm as the couple left the hotel. It was already dark when they crossed the gardens on the place, cut through Hôtel de Sully, and then taking the narrow streets of the historical faubourg made their way down to the quay.

Gisela was excited, her previous visits to Paris had been during her student days, brief and reduced to the main tourist sights. This was different, perhaps it was because she was with Liam. Their lives were hectic and they had to make the most of the moments they could squeeze in together.

Pat O'Connelly's welcomed them to his penthouse apartment that overlooked the Seine and Île Saint Louis and introduced Claire who took pleasure in pointing out the monuments to Gisela: to the right of Île Saint Louis they could see Île de la Cité and Notre Dame with the Bateaux Mouches making their way along the river, their flood lights illuminating the fine ancient buildings.

The surprise of the evening was the arrival of John Francis and his Russian girlfriend Ekaterina, making it a very international get together, at least as far as the ladies were concerned.

Pat served Champagne and Claire the canapés as they exchanged news. They talked about Tom Barton, Pat Kennedy and Sergei Tarasov. There was a moment of silence when Michael Fitzwilliams was mentioned. A dramatic year was drawing to a close, filled with changes that had affected each of their lives.

They soon made short work of the canapés and Claire apologised for the empty plateaus amongst their protestations, explaining she had not wanted to spoil their appetite for diner.

"I've booked a table at a little Colombian place near the Bastille. It's nothing fancy, but I thought it would remind us of Cartagena," O'Connelly explained with a laugh. "There's a good atmosphere Friday evenings with Latino music ... a jukebox. The food's good and there's a lot of it."

"Great," said Liam enthusiastically.

"I'll take us about fifteen minutes to walk there, so we'd better fill up our glasses, then I'll show Gisela and Ekaterina the Bastille by night."

Happy and relaxed they downed the last of their Champagne, the evening

promised to be good as they set off for Mi Ranchito Paisa a few blocks past the Bastille.

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O'Connelly was not an amateur of fancy cuisine, he put it down to his Irish mother whose cooking he adored. It was why, when not having to pamper his agent, publisher and the like, he preferred the typical French bistro style restaurants, of which there were many in the Marais. Amongst these were L'Épicerie or Au Bourgogne du Marais, both of which were just one hundred yards from his place on the corner of rue François Miron and rue Jouy. That evening, however, he had chosen a Colombian restaurant for Liam and Gisela, a reminder of their short but exuberant sojourn in Cartagena.

It was a pity that Pat Kennedy and Tom Barton were not there to join them and an even greater pity Michael Fitzwilliams could never again join in the fun, something he had never frowned upon. A lot of changes had taken place in the course of 2015, a year O'Connelly would not easily forget.

France was changing, or was it? Out of work artists, actors, musicians, jugglers and magicians had always been part of the scene. The difference today was they were joined by an army of frauds and hangers-on. Why? Because they paid and could enjoy their marginal lives, smoking cannabis, drinking and passing their lives in cafés talking about the roles they would never play or the books they would never write. They had an audience of willing listeners including life long students, mystics, therapists and all the rest, denigrating those who worked and paid taxes to support their indolent lives.

O'Connelly was a journalist become writer. He was from an Anglo-Saxon world where journalists were not indebted to the state for the regal subsidies paid to the press or the pension privileges and tax breaks accorded to journalists in France. Not only did his work ethic and independence drive him, he also refused to see himself himself as part of the establishment with its politically correct luvvies and its self satisfied ways. He was apolitical, his choices were based on a rational consideration of events and a strong empathy for victims, whatever the cause: war, poverty, discrimination, politics, disease and simple bad luck, however, that did not make him an unconditional bobo.

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O'Connelly was up to his word; pointing to each building, describing every street, nearly all of which dated back three hundred or more years. They

crossed place de la Bastille where he told the two girls the story of Napoleon's elephant as they dodged the traffic and wound their way through the Friday night crowd. They followed their guide down rue de la Roquette, then rue de Lappe with its crowds, bars and restaurants. At the end of the narrow street they turned left and five minutes later they arrived at Mi Ranchito Paisa, where they were warmly welcomed by Ernesto, the Colombian owner.

Claire had discovered the small restaurant soon after they had returned from the Hays Festival in Cartagena, where with Pat they relived their souvenirs of Colombian. It was small, simple and Colombian. A tabernita decorated in a folksy ranchito style. Their first visit had been on a quiet weekday evening when they talked and drank with Ernesto until late in the evening.

To start with O'Connelly ordered a round of mojitos, then dinner with the help of Ernesto: ceviche, guacamole, chicken and beef asada with plantain and rice, and a bottle of Spanish Rioja. It was almost as if they were back in Colombia as Ernesto hovered around exchanging words in Spanish with Liam as a salsa played in the background.

The ceviche was served as the Ernesto fussed around their table, delighted to see the celebrated writer back in his establishment, serving the Rioja as the evening got under way. The restaurant was full and if the noise and laughter was any indication the evening was going to be one to remember.

After the excellent ceviche they enthusiastically watched as the arepa con carne asada was served with stuffed plantains and arroz con coco. As Ernesto refilled their glasses the sound of firecrackers echoed outside adding to the Latino ambience.

Suddenly the entrance door burst open, a girl staggered in supporting her boyfriend. Ernesto startled by the sudden intrusion, but before he could shoo them out, the young man, who had obviously too much to drink, collapsed on the floor.

The girl screamed for help, he was bleeding profusely from the shoulder. Others pushed their way inside, their faces shocked, women sobbing.

"What the hell's going on," shouted O'Connelly as the sound of firecrackers going off sounded stronger from across the street.

"They're shooting everybody," a girl cried out. "Lock the door."

Francis recognised the sound, it was automatic gun fire.

By now they were all crouched on the floor and dinner was forgotten.

Outside people were running. The firing was louder, hard thudding sounds, louder and louder, in short bursts.

“What the fuck’s happening,” yelled Clancy.

More people tried to push their way in.

Then there was silence. It was some moments before anyone moved.

Sirens hurled as flashing blue lights from a patrol car reflected off the buildings on the opposite side of the street.

“Call an ambulance,” someone shouted.

There were three people bleeding.

Some of the tables were turned over. Overturned plates of food lay on the floor with cutlery and wine bottles spilt their contents in dark patches across the tiles.

Clancy peered carefully outside. Opposite, across the narrow street, was a scene of horror: bodies lay everywhere, people screamed for help, tables and chairs upturned on the pavement terrace of La Belle Équipe and the Japanese restaurant adjoining it.

“Are they gone?” shouted O’Connelly.

A crowd had started to gather as restaurants and bars emptied, certain nursed their wounds, many lay dead or dying on the pavement, some cried and others were in a state of shock, there was blood everywhere, in the background the sound of sirens echoed as ambulances and police cars started to arrive.

Soon the police were shouting orders telling diners to stay inside.

Neighbours leaned out from their windows overlooking the narrow street.

O’Connelly and his friends stood outside aghast, trying to understand what had happened. Others consulted their phones. It seemed there had been several attacks, there were confused rumours about the Bataclan, a concert hall, a short distance from rue de Charonne.

An unusually balmy November evening had been transformed into a scene of horror as terrorists shouting Allah Akbar fired into the evening crowds seated on the terraces of bars and cafés in a district popular with young Parisians, young trendy people. Apart from visitors familiar with Paris, it was a district little known to tourists, just a stone’s throw from the Bastille, where bars were trendy and affordable for young people out to enjoy themselves.

It had not lasted more than twenty seconds.

O’Connelly checked his phone. There had been a series of attacks and it

was urgent to get his guests back home.

Fearing further danger he pointed in the direction of the Bastille. As they hurried past the site of the famous siege where the French Revolution had started, ambulances and police cars rushed to the scene, their lights reflecting off the Opera and surrounding buildings. In fifteen minutes O'Connelly and his shaken guests were back at his place on quai des Célestines, where everything seemed so normal.

Once inside he zapped the TV to news channels. Vivid scenes from the sites of what now appeared to be multiple attacks flashed onto the screen. Deeply shocked the three couples sat there with their eyes fixed on the screen until the early hours when special forces stormed the Bataclan. One hundred and thirty innocent people died.

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Then came the questions. Why? Why France? To politicians and commentators it was a savage terrorist attack, to O'Connelly it seemed like an explosion of built up rage against the society in which the assailants lived and the apathy of their parents and the community they had grown up in. Three of the terrorists were born in France of North African parents. Had they suffered the stigma of rejection? In any case the trademark of the young terrorists, born in the UK of Pakistanis parents, was there, those who had perpetrated the deadly terrorist attack on the London Underground in 2005.

Were these young men religious fanatics, perhaps, but it was more probable they had been drawn to extremist preachers and their mosques as a reaction to their marginalisation by the societies in which they lived. If so the battle would be long.

"The fault lies with us to a certain degree," suggested Francis  
"Oh!"

"Yes. Our friends George Bush and Tony Blair bear a certain responsibility for destabilising an already volatile region."

"Maybe, but the World Trade Center came before all that," O'Connelly reminded them.

## WEALTH MANAGEMENT

"Our business is wealth management. That's why we've set up INI Private Bank in Dublin, especially designed for the needs of our wealthy client, you know preserving and growing their assets," Kennedy explained to

O’Connelly. “With fiscal optimisation we can preserve wealth and make sure it flows smoothly from generation to the next through offshore holdings; avoiding heavy death duties.”

“Are those companies in the Caribbean,” O’Connelly asked. “I mean the offshore companies.”

“Not necessarily. You don’t have to go to the Caribbean to set up a shell company. There’s plenty of places you can set up a shell company. Here in Hong Kong, or even in the US.”

“The US?”

“Yes, Delaware or Nevada offer plenty of possibilities to set up new companies. Delaware alone has got one million registered companies and it’s easily done, no questions asked.”

It was a subject of interest to the writer, not only for his research, but also for his own finances.

“As a matter of fact you can set up a LLC, that’s a limited liability company in any state, without having to disclose who the beneficiary is. But, Delaware offers the most anonymous companies.”

O’Connelly had long used various foreign accounts and investment vehicles to protect his royalties from the taxman. His situation was complicated by his multiple residences, which gave his accountant a full time job diverting the flow from his different sources of revenue into safe long term investments.

Writers, as actors and other creators were never be sure of the loyalty of their fickle public.

“Remember, there’s nothing illegal about setting up a shell company, half of all traded American companies use Delaware as their legal home.”

Conveniently, men like Kennedy and O’Connelly used shell companies to buy property, anonymously if necessary, or own bank accounts and to shelter their different investments.

“The problem is,” said Pat with an innocent smile, “shell companies in far off places make it easy for people to hide assets, avoid taxes, or money from corruption. But why go to all that trouble when you can do all that in Ireland. There’s tons of ways you can minimise capital gains tax, corporation tax or income tax on the assets held in Irish funds.”

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INI Private Bank and Castlemain Private Capital offered their precious services to very wealthy clients, hiding their assets behind an endless

number of Chinese screens in the Dublin, the City, Hong Kong and the Caribbean.

Amongst their privileged clients were the families of China's Communist party elite, the Red Nobility and their Princelings, who used offshore companies to dissimulate their holdings.

Every montage imaginable was used: fathers, mothers, brothers, sisters, in-laws, children, grandchildren, cousins and even more distant relatives, in the ancient Chinese tradition of very extended family relationships, were at the centre of a web of companies stretched across the world to the Caribbean.

Included was the brother-in-law of Xi Jinping - General Secretary of the Communist Party of China, President of the People's Republic of China, and the Chairman of the Central Military Commission.

The staggering wealth of China's leaders was almost without comparison, perhaps only the Russian elite could boast of such fabulous wealth. In China, one could have said it was normal given the size of the country. It was a strange destiny for Mao's successors and even stranger given Xi Jinping's crackdown on corruption and behaviour that could embarrass the Chinese Communist party with its near ninety million members.

INI Private Bank was part of the system that hid the links between China's elite and the Hong Kong business world, and Castlemain Private Capital hid the links between Hong Kong and the rest of the world. None of this was necessarily illegal, though most certainly unprincipled. Whatever, but it explained why Pat Kennedy's faith in the rewards offered from the business his bank ran remained resolutely solid.

As China's masses looked on, entrepreneurs like Wang Jianlin, the founder of Dalian Wanda, a real estate and entertainment group, saw his wealth more than double to reach thirty billion US dollars, which led Chinese, great and small, to ask themselves why they should not grab part of the action, be it a very small part.

Even Kennedy, who was comparatively speaking small fry when compared to Wang, had high hopes for his own ambitions, after all Wang had leapfrogged Jack Ma the founder of Alibaba, pushing him into second place.

In all the top one hundred China's richest entrepreneurs were collectively worth not far off half a trillion dollars, or to put that in perspective half of the GDP of Vladimir Putin's Russia.

Which made David Cameron's much criticised inheritance look smaller

than chicken pickings.

## SUEZ

Across the ocean another canal was the focus of international attention. The Suez Canal expansion: 'Egypt's Gift to the World' was being inaugurated in a grand display of patriotic pride. An expansion that had been financed, in part by public subscription, in which the Egyptian people, from the richest down to the humblest fellaheen, had been cajoled into buying state issued bonds, valued at the equivalent of two dollars and upwards.

Standing amongst the guests in Ismailia was the smiling figure of Pat Kennedy. He, thanks to a client of INI Hong Kong, an important shipping company and regular user of the canal, had been offered an invitation as part of the SAR's VIP delegation.

The eight plus billion dollar investment added a second shipping lane allowing two way traffic, reducing transit time and hopefully increasing traffic and more than doubling the revenues.

The most noteworthy aspect of the construction was the time taken for its completion: less than one year from start to finish. A civil engineering feat that required three-quarters of the world's dredgers and more than forty thousand labourers seven days a week around the clock.

Critics saw it as an exercise to restore Egypt's image after the disaster of the Arab Spring and a boost to its sagging revenues. Others, however, doubted the growth in traffic from East Asia and the transit of oil to the West, given the economic slowdown Europe and China.

Egypt's President al-Sisi faced a pharaonic struggle to pull his country out the profound crisis that weighed on it since the failed revolution of Tahrir Square in 2011. Egypt's real problem was its two plagues: overpopulation and archaic Islam. With a population of ninety million, and just forty thousand square kilometres of inhabitable land, it was comparable to Belgium, but with a population eight or nine times greater, Egypt was held back by its adherence to an unreformed religion which had brought the Muslim Brotherhood to power until al-Sisi's takeover.

The country owed its survival to the generosity of Saudi Arabia and the Gulf States, which together provided twenty five billion dollars of financial aid each year, however, their continued assistance depended on the price of oil, a two edged sword, if it rose it hurt Egypt's economy, if it fell it put the



Gulf kingdoms' capacity to continue their assistance in peril.

Behind the smiles and congratulations of a long list of guests, including including heads of state like François Hollande - who had recently sold twenty five advanced Rafale fighter bombers to cash strapped Egypt, simmered the fear of Islamist insurgents, chaos and rebellion.

All that was of little or no concern to Pat Kennedy, his interest lay entirely in the lesson of how the canal project had been pushed through and completed in such a tight time frame.

The same could not be said for the Nicaragua Canal project, which showed little sign of movement, a major problem for Wang, a disappointment for Kennedy.

But, Pat looked on the positive side, reminding himself of Gore Vidal's words: It is not enough to succeed: others must fail. The demise of Michael Fitzwilliams had left him in an extraordinary position. He was the head of INI Hong Kong. He answered to no one. The Wu's left him a free hand if only for one reason: Kennedy was lucky. The others had failed and he succeeded. Good fortune was a thing of great value in the Chinese vision of life.

## OIL

As the price of oil continued to slide, so did the value of InterBank, INI's partner in Russia. The seizure of Sergei Tarasov's Russia empire could have been seen as a blessing in disguise for the former oligarch. With his offshore assets secure, Tarasov watched as his enemies caught up in the quagmire of OPEC's internecine struggle for domination of the world's oil markets.

The Kremlin was forced to batten down as Urals Crude sank to below forty dollars a barrel as expectations for a turn around receded.

The collapse of oil had devastating implications for Moscow and a whole host of high cost producers as an all out price war was declared with Saudi Arabia challenging its rival, Iran, and OPEC members fought amongst themselves in a fierce battle for domination of world oil markets, a war that would drive weaker producers to the brink.

Tarasov watched from a safe distance as Russia was faced another epic battle for survival and not without a sense of schadenfreud, though it hurt him to see his motherland suffering in yet another crisis, which as often

was to a large extent of its own making.

It was hard to believe that only eighteen months earlier life had looked so promising. It seemed as if Russia's leaders led a conspiracy to inflict endless suffering on the nation's all suffering people, a truism confirmed by Vladimir Putin's bellicose defence of Moscow's client, Bashar Assad, firing costly cruise missiles from its warships in the Caspian in a chilling demonstration of military power. A tragedy considering Russia's reduced straits. It was as if Britain or Spain was attempting to recover their imperial glory in a display of military fire power.

The danger of Moscow depleting its foreign exchange reserves was real, forcing it to monetize its debts, thus bringing more misery to its people, who just as their hopes had risen were faced with a new trial to test their endurance.

Since the very start of Putin's high risk gambit, Tarasov had, wherever he could, pulled out of commodity investments, focusing attention on assets and property in New York, London or Paris, dissimulating ownership behind secure offshore structures. His objective was conservation and security, putting his personal wealth beyond the reach of the Kremlin and all those who could take advantage of him as doors that were once wide open slowly closed.

All good things came to an end and so it was with the commodity supercycle. Miners and refiners were fighting a desperate battle for survival, slashing debt, shutting mines in distant lands: Zaire, the Congo, Chile, South Africa and Australia, laying off thousands of luckless workers and selling off assets at knockdown prices in the realisation there would be no quick end to the glut.

Copper, zinc, nickel, oil and coal producers observed China anxiously, a colossus that now consumed half of all the world's mined metals.

Commodity businesses of the likes of Glencore's had seriously got their calculations wrong. They had been slow to note the signs that China's race to development had reached its limits, its housing market had reached saturation point. Everything now depended on how Beijing would manage the next phase of its development: the transition to mature economy status with a solid home based consumer market.

\*

Francis always pointed to the nature of the world's top thirty businesses; to those who cared to heed his words. Apart from number one, Walmart, twelve were oil companies, five built automobiles, and even Walmart was a

major gasoline retailer.

In short, the world ran on oil, a fact that should have put the agreement made at the world conference on climate change in Paris, COP21, into perspective.

John Francis marvelled at the naivety of transient politicians, ecologists and commentators. It would take more than a few declarations of good intention to stop the big oil juggernaut. If oil powered the planet then money money greased its wheels. Trillions of dollars ensured the continuity of oil as long as it could be pumped from the ground or the sea.

Never in human history had such a cheap easily accessible form of energy existed. Each barrel of oil was the equivalent of eight years human labour. It was an easily transportable commodity, stockable and safe to use, providing a minimum of precautions were taken. Oil put the equivalent of approximately one hundred and fifty Roman slaves at the disposition of each Western consumer, twenty four hours a day, seven days a week and three hundred and sixty five days a year, year in year out.

## **Chapter 15**

### **WEIHNACHTSMARKT**

Hand in hand they strolled down Hohegasse towards the Dom. It was ten in the morning and Christmas was in the air. With just six more days to go shoppers were out in search of their last gifts or for a stroll in one of the many of Cologne's Weihnachts markets.

That Friday morning as the Paris-Cologne Thalys pulled into the Hauptbahnhof, Liam glanced at his watch and noted its punctuality, then as the doors slide open he spotted Gisela waiting on the platform. He had barely time to get out of the train when to his immense pleasure she threw herself into his arms, his bags and parcels falling to the ground.

It was just a short walk from the crowded Hauptbahnhof past the towering Dom to the Excelsior where a gaggle of black Mercedes and a Porsche Cayenne attended by a uniformed doorman announced they had arrived at the hotel.

Liam was pleased to note all the markings of a stylish upmarket establishment, which was confirmed when they were quickly checked in

and shown to their well appointed room facing the Dom.

Later that day Pat O’Connelly and Claire would join them for a weekend in the city, but in the meantime Gisela was determined to give Liam a walking tour of the city centre.

Clancy was riding high, whatever happened to the British economy he was sure he had backed the right horse by his fortuitous link with Pat Kennedy’s world. Whatever happened in the UK, where sheer size of the City in relation to the rest of the economy meant the whole country would suffer if oil, assets and commodities collapsed, he would be immune. His bank account had grown at a phenomenal rate and having learned by his bitter experience of Ireland’s 2008 collapse, he had wisely parked his money in solid investments.

But that was not the only reason for his buoyant mood: his Spanish firm was seeing a resurgence of business in the property business. Against all the negative soothsayers’ predictions, the sun was shining again on the Spanish Costas and foreign property buyers were back. Liam Clancy’s Spain was experiencing a renaissance thanks to the disastrous experiment on the opposite shores of the Mediterranean. Tourism and property were booming as Europeans forsook North Africa and Turkey as holiday destinations and second home options.

That evening, after an afternoon of sightseeing, they caught up with Pat and Claire in the comfort of the Hanse Stube, the hotel’s bar, which had little in common with a typical stube. Christmas was under way and it was time to relax, have fun, and after a couple of happy drinks the two couples set off to explore the Weihnachtsmarkt.

They joined the crowds of visitors pouring into the square, where a banner proclaimed Gloria in excelsis Deo. Young people, old people, Germans, Americans, Chinese, Japanese, from just about every corner of the world mingled together for the feast, a modern Saturnalia. It was all good fun, a mug or two of glühwein, a piping hot bratwurst, followed by a tour of the town’s bierkellers and brauhauses.

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Liam had a lot to be thankful for unlike the luckless traders, analysts and advisers at Nomura in London, who suddenly found themselves out on the streets of London, just a stones throw from the Bank of England. It was a dark miserable morning as they glumly filed out of Nomura’s offices on Angel Lane, making their way to their familiar haunts on Upper Thames Street and Suffolk Lane: local pubs, the Folly and All Bar One. there they

tried to come to terms with Tokyo's brutal decision: they were no longer needed, the bank had decided to pull the plugs on equities in Europe.

Summarily gathered in conference rooms a little after eight in the morning they were told in a short to the point speech to gather their belongings, leave their key cards at reception and quit the building.

It was a repeat of a scene Liam Clancy had known in December 2008, when INB abruptly shut down its trading unit and he found himself in a Dublin pub staring into a half pint of Guinness wondering what had happened to him.

Then it had been the banking crisis, now it was a toxic blend of zero-interest rates and a collapse in trading revenue. Nomura was not alone in its retreat: Barclays Plc, Deutsche Bank AG and Credit Suisse Group AG had already announced large cuts in their European operations.

Hundreds of banking staff at Nomura's European stylish headquarters on One Angel Lane, would have to find a new job in a sector struggling for profitability. The business acquired from Lehman Brother's in 2008 had finally succumbed to the fate of its previous owner.

As usual an e-mail had convoked Nomura's staff to a compulsory meeting on the eleventh floor of the bank. By nine it was all over and to rub salt into the wounds they were informed no year end bonuses would be forthcoming. In the precipitation many of Nomura's staff had not even the time to gather their personal belongings, which they were informed would be gathered and stored waiting for collection at a later date.

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The next morning after breakfast they set off for a shopping tour. Claire was delighted by the seemingly endless streets of shops and stores of every description. The men put on a brave face, waiting patiently as every potential gift was examined and discussed in the greatest of detail by the women.

But behind all of that was a vast machine: Cornucopia - pouring out its goods: clothes, electronic goods, souvenirs, food and drink, invoking Christmas shoppers to Buy! Buy! Buy! Wherever Mary and Joseph were they were not very present ... perhaps in the Dom, but that was not on the programme.

Later that day under the stern shadow of the vast Medieval Hohe Domkirche St. Petrus, they headed for the Weihnachtsmarkt, which they discovered was one of the many in the city. Dusk was falling and the market was filling up. Already smell of glühwein hung in the air mixed

with that of roasting pork, bratwurst and spekulatius, as the sound of Christmas carols echoed from loudspeakers. The only thing missing was the snow and with the temperature at fourteen or fifteen degrees centigrade and rising that was not about to make its appearance.

They made their to the Heu Market where they enjoyed a fun filled hour of ice skating in vast Christmas rink. With aching legs they then headed towards the Alter Markt where they fought their way into the Sion beer Brauhaus and downstairs to the bierkeller, where Liam squeezed past the waiting crowd and discretely flashed a fifty mark note to the oberkellner, who pocketed it without a blink, showing them to a table just vacated by two merry couples. It was a trick he had picked-up in Central America, much to the disapproval of Gisela.

The ambiance was that of a traditional bierkeller: scrubbed wood table tops, waiters in their long black aprons rushing about bearing trays loaded with Kölsch and plates piled high with steaming food, and above all a crowd of boisterous drinkers revving up for ten days of festivities.

Kölsch, bratwurst and sauerkraut were consumed in vast quantities with few visible signs of suffering or economic hardship in Germany, and on the surface, at least, few visible migrants fleeing the horrors of war. In fact compared to Paris, Cologne was remarkably European. Liam, as always, marvelled at the cultural differences once he crossed a border. How different France was from Spain and Germany from France.

The revellers were well dressed, many were what O'Connelly would have described as bobos, bourgeois-bohemians: sleek professionals from the prosperous upper-middle classes enjoying a traditional evening drinking beer in a culturally proud city with its monuments, museums, concert halls and night life. Others were more ordinary Germans, out on the town, visitors from other parts of the country, ending their day of Christmas shopping drinking beer and eating currywurst, enjoying a festive moment with their friends and family.

Sunday morning, Gisela insisted on taking Liam to the Dom before breakfast. A mass was in progress and the small congregation, dwarfed by the vastness of the nave, confirmed his idea that like Ireland, paganism was back, even though a tall banner in the narthex proclaimed Gott tut uns Gut.

After a pause at the Christmas Manger, they left the vast monument to the city's fervent Christian past, crossing the square to the Excelsior where they caught up with Pat and Claire already installed in the comfort of the richly appointed breakfast room. Gisela's programme for the day was a

cultural tour of the city, starting with a visit to the Roman Museum.

Outside, the sky was blue and the weather for the day promisingly mild, which to Gisela's great amusement, Liam was convinced was normal for the Roman city. She had the greatest of difficulties in persuading him that Cologne was normally damp, cold and windy at that time of the year, and probably the rest also.

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Monday morning the good weather persisted and O'Connelly left the women to their Christmas shopping and Liam to his business calls and messages.

It was another great day for Cornucopia. O'Connelly's new book was progressing and evidence of his futuristic vision was at hand. Looking around, the word's Henry Miller used to describe America in 1939, came back to him: nowhere in the world is the divorce between man and nature so complete, the same description suited Cologne in Christmas 2015.

The contents of brilliantly light store windows were separated from shoppers by nothing more than a fine pane of glass, behind which were the objects that promised to transform prospective buyers into the alluring small screen images of their idols.

A flash of plastic and anything they desired within reason was theirs: fashions, sports wear, jewellery, watches, iPhones, gadgets, in brief just about anything! Kaufhof, Karstadt, Sportscheck, C&A, Saturn, Peek & Cloppenburg, as well as smaller outlets lined every street, vying with each other to attract customers. The centre of Cologne, like so many other cities, was a vast emporium, where for weary shoppers there were beer kellers, coffee shops, bakeries piled high with pastries, pretzels, schinken and käse brötchen, and of course the ubiquitous McDonald's, not forgetting a multitude bars and stands at the various Weihnachtsmarkts. And if all that was not enough to satisfy the desires of consumers, travel agents proposed ten days all inclusive on the beach in Phuket, Cuba or the Yucatán for prices the average shoppers grandparents could have never dreamed of.

The crowds in the Weihnachtsmarkts, the Bier Kellers, restaurants, shops and on the street's, looked happy. Cornucopia was not a world of misery. The consumers: families with children, couples, young men and women, retirees, were all well fed, well dressed, warm and looking forward to the year-end's festivities with the families and friends.

On the great day, the birth of Christ, they would exchange gifts. Then, after a celebratory feast, they would sit back to listen to their country's

leader speak of hope and happiness, some, in passing, would listen to the Pope's year-end's message, who in contrast to the world's leaders, would remind his brethren of the world's ills.

The Holy Father would spare a word for those huddled, somewhere beyond view of plenitude, in gymnasiums, halls, dormitories and camps on the outskirts of the Cornucopian cities of Germany and other European nations: a million or more Syrian asylum seekers and immigrants from benighted lands, who knew nothing of Weihnacht and Jesus, waiting patiently in the hope they could one day partake in the outpouring of Cornucopia.

Further away, much further, were the Chinese workers and those of the third world. They supplied the haves with their needs. In Shenzhen, the home of the iPhone, the average assembly worker earned three hundred euros a month. In Indonesia or the Philippines it was much less.

Somewhere in the pedestrian zone outside of Peek & Cloppenburg or Kaufhof, a well dressed young woman gave a beggar a lunch pack ... a generous Christian act, but what would happen if everyone gave the poor fucker a lunch pack. They were non-negotiable! He could not buy a warm bed with a surplus of lunch packs!

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Gisela's family owned in a modern penthouse apartment surrounded by a broad terrace. From the uncurtained panoramic windows was a view of the Rhine and its cruise boats, and the steel girdered railway bridge crossing the river to with Deutz. To the right was St Martin's church, and looking back over the Altstadt was a magnificent view of the dark spires of the Dom.

He was the head of a fiduciary firm. She a doctor, head of a psychiatric clinic, which according to Gisela's wry remarks explained many things. Both parents had been careerists, which left little time for Gisela and her sister. Materially the family had everything, but their life was a constant race as each tried to fulfil his or her professional and family obligations.

Within the ring, the city had a human dimension, everything was within arm's reach of the Dietl family, whose respectable bourgeois existence was filled with the satisfaction of accomplishment and security. It was very different from Liam's upbringing in a small Irish town and its near rural atmosphere.

Liam was their guest for Christmas Day lunch, an unavoidable family obligation, Gisela told him, though she evidently enjoyed the family reunion, protecting Liam from the subtle, probing, questions of her parents.



Who was this young man Gisela had brought home? What did he do? Was it serious?

When Liam spoke of the bank he found himself on common ground with Rudi Dietl, which seemed to satisfy the bourgeois Kölsche, as to his suitability as a possible son-in-law.

Liam enjoyed the day, it was yet another discovery, but he was pleased when they quit the Rheinisch city the following morning, heading south in the direction of the Schwarzwald for the New Year weekend.

## MOSCOW

In another place, in another world, not really that far from Cologne, Francis and Ekaterina headed out to the Mega shopping mall on the outskirts of Moscow. The idea of spending the afternoon shopping for last minute Christmas gifts had not really excited him, but in spite of that and apart from pleasing Ekaterina, Francis was curious to visit one of Russia's biggest shopping centres.

The giant mall, which had opened in 2002, overflowed with the cars as Moscovites and those from often distant towns flooded in for their Christmas shopping. It was December 26, but with Christmas coming a week later, according to the Gregorian calendar, shoppers swarmed out for their annual spending spree.

Francis was surprised not only by the size of the mall but by all the familiar names: IKEA, Auchan, OBI, Leroy Merlin, Stockmann, Zara, Starbucks, C&A, The Body Shop, Marks & Spencer and many others.

It was difficult to find a parking spot and as they drove around they found themselves passing a group of heavy trucks decorated with what looked like some kind of protest banners.

"What are they," asked Francis.

"They're protesting."

"About what ... those banners? Food for our families, not oligarchs; Let us work; Legitimized robbery. And there's no police?"

"No. They've been here for three weeks now."

Francis was astonished, in his experience protesters got short shrift from Russian authorities.

"It's a new road tax, they're truckers. They're protesting in different places."

Francis was lost for words.

“They are not political. You know, not human rights and that stuff.”

“So truckers can demonstrate, but not human rights protesters.”

“That’s it.”

The truckers were threatening to block roads roads to Moscow, but for the moment the movement had not been sufficiently large to create any serious threat and the government was reluctant to risk any crackdown as truckers and such workers made up the majority of Putin’s loyal supporters.

“Putin’s still very popular after the annexation of the Crimea and his action in Syria. It makes us look like a great power,” Ekaterina said wryly.

“They’re not very organized, for the moment and they don’t have a union. If they got serious they could shut down the whole country with tens of thousands of trucks.”

“That would be dangerous, especially at the moment as the government is ploughing through its reserves. Who knows how long they will last?”

“About twelve months they say.”

“And then?”

“Well if you listen to what Aleksandr Auzan said on TV ... he’s head of economics at Moscow State University, ‘it’s the first thunder of a coming storm.’”

“You think it’s that bad?”

“Who knows? Some say the strikers will just sink into the Russian bog.”

Arm in arm they headed into the warmth of the mall which looked to Francis like just about any other European or American shopping centre. The difference being shoppers on tight budgets were looking for bargains, times were tough for many whose jobs were threatened as falling demand was beginning to affect most sectors of the economy. Fewer imports were already causing job losses and people were starting to talk, pointing to corruption at high level, which was nothing new, though more and more visible.

Ekaterina pulled up as a parking spot was freed.

As long as ordinary Russians, like truck drivers, felt their standard of living was rising, they had accepted things unacceptable in Western Europe, but as inflation and unemployment rose, nostalgia for the old Soviet Union grew, when the state cared for all needs.

In general there was little sympathy among people for political and human rights activists, though in the case of the truckers - workers like themselves,

there was a feeling of support, that is as long as the food and drink on their tables was not threatened.

“Could it become another Maidan?” asked Francis.

Ekaterina’s response was an outright no, that is unless living conditions got dramatically worse, though signs of discontent were beginning to appear. From Petersburg to Ufa and Siberia, teachers, bus and ambulance drivers, construction and factory workers walked out in protest against late payment of salaries and poor working conditions, demanding wage increases to compensate for inflation.

However, the ire of the workers was deflected by the state information and media apparatus towards external enemies and regional governments, away from Vladimir Putin.

Though the leader’s family and friends were hit by the collapse of oil and gas prices, a situation they had almost certainly never imagined, they would be the last to suffer. Those like the autocrat’s younger daughter Katerina and her new husband Kirill Shamalov, son of a co-owner of Bank Rossiya, would continue to live in grand style even if the value of their interests in gas and petrochemicals fell a few hundred million dollars or so.

Francis remembered the couple being presented to Michael Fitzwilliams by Tarasov at the exclusive Golf de Chantaco in the Basque Country, where they owned a magnificent nineteenth century style villa on the outskirts of Biarritz, overlooking the ocean.

Putin’s daughters were part of the former socialist country’s new aristocracy, not unlike the children and grandchildren of China’s leaders, all of whose families had amassed great power and vast wealth. The princelings were appointed to the boards of directors of banks and businesses of their choosing, in the same manner as had been the sons and daughters of the Czarist aristocracy.

Such stories did not prevent many Russians adhering to the ideas of the Bolshevik Revolution and its Communist leader Vladimir Lenin, especially those living in the far-flung corners of the former Czarist Empire the Soviets had inherited. They were the Communist die-hards who could be seen at every commemoration, bearing red flags and bedecked with medals, to mark the anniversaries of the Bolshevik Revolution.

To John Francis, all that would have not been so bad had it not been for Putin’s enormous capacity to meddle, which was out of all proportion to the economic importance of Russia. What empowered his willingness to play power politics was his nuclear arsenal, which had emboldened him to

back Assad in Syria, followed by a visit to Egypt, his willingness to welcome Alexis Tsipras to Moscow on the eve of vital EU decisions, and his encouragement of the Argentinian president Cristina Fernández de Kirchner in the Falklands' dispute. He was of course bolstered by the knowledge that those facing him, amongst them the EU's leaders, were dispersed, indecisive and often incapable of making decisions.

## WHO DUNIT?

After more than fifteen years in power, Vladimir Putin enjoyed an approval rating that was the envy of Western leaders, thanks to the influence of the state controlled media, more especially Gazprom-Media, on public opinion. The state media giant was created by Mikhail Lesin, Putin's late press minister, who had broken the oligarchs hold on Russia's media by masterminding a coup which left the vast majority of Russian TV channels and newspapers subservient to the Kremlin.

Lesin's career in media and communications started when he piloted Boris Yeltsin's successful presidential campaign in 1996. In 2001, as Press and Mass Media Minister, he forced Vladimir Gusinsky, the once-mighty Russian media magnate, imprisoned in Gusinsky Moscow's notorious Butyrka jail, to cede control of his Media Most empire to the Gazprom Group. Then in 2005, Lesin created Russia Today, better known as RT, which Putin then appointed as the national broadcaster, transmitting Russia's vision of the world and above all its version of the world's news.

Mikhail Lesin was intimately involved in the efforts of Putin and Bank Rossiya to control Russian media and as Putin's first media minister he successfully silenced critics of the regime.

As was often the case, Lesin resigned as CEO and chairman of Gazprom Media Holding, after he fell out with Yury Kovalchuk, a major shareholder in the company and close friend of Putin, to whom it was said he owed a considerable sum of money.

To escape the threat of vengeance in Russia, Lesin moved to the US with his friend, Victoria Rakhimbayeva, a glamorous Siberian model and one time flight attendant, there he owned a number of very upmarket properties and a mega yacht, the Serenity.

In November 2015, the 59-year-old, described as a multi-millionaire playboy by the press, was found dead on the floor of his room at the relatively modest Doyle Dupont Circle Hotel in Washington. Russian

media reported Lesin had died of a heart attack, however, four months later, Washington's chief medical examiner announced his death was caused blunt force trauma to the head with the presence of bruises on his neck, torso and limbs, in other words, 'he'd had the crap beaten out of him,' as one American journalist put it in colourful James Ellroy style.

## THE MEN IN THE SHADOWS

In the 1980s, Mikhail Gorbachev introduced Perestroika, that is the restructuring of the Soviet political and economic system, allowing the first experiments in private enterprise, Yuri Kovalchuk, a physicist at the Ioffe Physical Technical Institute, founded an enterprise to turn its scientific work into commercially viable products, at the same time Gennady Timchenko, a former Soviet trade official, formed a cooperative to export products from an oil refinery on the Baltic, his company Guvnor went on to become one of the world's largest independent commodity trading firm engaged in oil and energy markets

Yuri Kovalchuk and Nikolai Shamalov were founder members of Bank Rossiya, with thirty percent and twelve percent respectively, whilst Gennady Timchenko held a seven percent share through a Luxembourg registered company.

After the fall of the Berlin Wall, Vladimir Putin, then a KGB colonel in the DDR, returned to Leningrad his home town after his five year posting. In search of a job he contacted his former law professor at Leningrad State University, Anatoly Sobchak, who in the meantime had become a reformer and Chairman of the Leningrad City Council.

Under Sobchak - mentor and teacher of both Putin and Dmitry Medvedev – the ex-KGB colonel became head of Leningrad's foreign relations committee just six months before the collapse of the Soviet Union.

This committee worked closely with newly establish entrepreneurs in contractual matters for the City of Leningrad where Putin's fluent German helped in negotiations with foreign firms investing in the city. From this modest start the foundations for what would evolve into a power base backed by a tight knit network of powerful business oligarchs were laid.

From his position Putin oversaw an injection of municipal aid to help the fledgling Bank Rossiya, a small bank with an exaggeratedly important name, which was on the brink of collapse. Yuri Kovalchuk, together with a group of his friends from the Ioffe Technical Institute: the physicists Victor

Myachin and Andrei Fursenko, and Vladimir Yakunin, secured a small loan and bought the foundering bank.

At that time Putin together with Yakunin, Kovalchuk, Fursenko and Myachin became partners in The Ozero Cooperative.

Kovalchuk, then deputy mayor of Leningrad, could count on Putin's support, who on Sobchak's instruction opened an account at Bank Rossiya, where Communist Party funds, over seventy million dollars at that time, were deposited.

When Anatoly Sobchak lost his bid for re-election in 1997, Putin, a nondescript middling apparatchik, set off for Moscow. There he became a deputy chief of the Presidential Property Management Department, under the presidency of Boris Yeltsin. His rise was meteoric : deputy chief of Presidential Staff, head of the Federal Security Service, Prime Minister and then acting President, as did the fortunes of his friends and their modest bank.

Sobchak died suddenly of a heart attack in Kaliningrad when aiding Putin during his presidential campaign in 2000. Soon after a criminal investigation was opened for premeditated murder with aggravating circumstances after it was disclosed two of his aides suffered heart simultaneous heart attacks, pointing a probable contract killing by poisoning.

During his first years as President few Russians realized the men in Putin's tight circle were becoming incredibly rich, amassing huge assets and accumulating extraordinary power. As for Bank Rossiya its holdings rose tenfold during Putin's second term.

One of the members of this circle was Evgeny Roldugin who Putin met when they studied at the KGB academy in the seventies. At that time Evgeny introduced his brother Sergei to Putin who over the years was to become one of the Russian leader's best friends, a fact witnessed by the number of times he is mentioned in Putin's biography First Person. 'We met and then never split. He's like a brother. Back in the day when I had nowhere to go, I went to him and slept and ate at his place,' Roldugin said.

The two men became inseparable pair getting into street fights and roaring around in a tiny Zaporozhets car singing songs and hanging out at the theatre with that 'cute girl Luda': Ludimila, Putin's future wife.

Soon each went his own way, each following his respective careers : one in the world of music and the other in the Soviet power apparatus. Putin was posted as a KGB agent to East Germany and Roldugin became lead

soloist at the Mariinsky Theatre and rector of St Petersburg's conservatory.

As Putin rose to power, Sergei Pavlovich Roldugin made a name for himself as a classical cellist and conductor. He began studying the piano when only five years old before taking up the cello aged eight. His musical career commenced when he was awarded third place in the Prague Spring International Music Festival and in 1984, he was appointed principal cellist at the Kirov Opera Theatre Orchestra. He then went on to become professor at the St Petersburg Conservatory, professor of cello at the Moscow Conservatory and under Putin artistic director of the House of Music in St Petersburg, professor of cello at the Moscow Conservatory.

With Putin's backing Roldugin became artistic director of St Petersburg's House of Music, a training academy for classical musicians, which the musician himself established, situated in a 19th-century palace that once belonged to Grand Duke Aleksei Aleksandrovich, a son of Czar Alexander II, under the patronage of his friend Vladimir Putin.

In September 2014, Roldugin protested he was not part of Putin's circle of wealth and power: 'I've got an apartment, a car and a dacha. I don't have millions.'

How he came to be worth hundreds of millions of dollars was a serendipitous destiny for the 'modest' musician Roldugin described himself as. However, a glance at Putin's family album, went a long way to explaining his good fortune: Vladimir Putin can be seen in a photo taken in 1985 holding his new baby daughter, Maria, next to his wife Lyudmila, and on either side of the couple are Maria's godparents ... Ira and Sergei Roldugin.

A clue lay in the fact that the inner circle and the many firms which its members owned or were shareholders were all linked directly or indirectly to one single organisation: Bank Rossiya.

Kennedy had once accompanied Sergei Tarasov to the bank situated in a stern neoclassical Soviet era building on Rastrelli Ploshad, in the Central District of St Petersburg, about a mile from Nevski Prospekt. Founded in 1990, Bank Rossiya, a private bank, was long been linked to Putin after he had aided it at the time of the Sobchak city administration

Following the dissolution of the Soviet Union, Putin signed documents that gave ownership of the bank to a joint venture created by Yury Valentinovich Kovalchuk and his associates. 'Putin's function was to make legal what would otherwise have been illegal,' thus Kovalchuk, a physicist at the Ioffe Physical Technical Institute, became shareholder and

board member of Bank Rossiya, which was to become Russia's most powerful banks.

Strangely after Putin was elected in 2000, vowed to eliminate 'as a class' the Yeltsin-era insiders who got rich through their ties to the government, and he did, replacing them with his own.

In those early days Putin owned a dacha about one hundred kilometres from the St Petersburg, it was part of The Ozero<sup>1</sup> Cooperative, an exclusive lakeside gated-community, in which Putin and the seven other owners, including Kovalchuk, held shares. Together they banked their money in a common account at Bank Rossiya. Today the Ozero group controls a large chunk of Russia's assets: oil, gas, railways, construction, and the media.

An exclusive ski resort of Igora, set amid pine and birch woodland by a picturesque lake, not far from Ozero, had been developed by Ozon LLC, a company owned in part Kovalchuk and his son Boris, financed by Bank Rossiya. There Putin enjoyed the use of a tightly guarded residence called Zagorodnaya Sreda, registered to the Kovalchuks, concealed behind a high fence, conveniently close to the slopes where the man from the Kremlin could often be seen skiing on the slopes in the company of his bodyguards.

Igora was the venue chosen for the wedding of Katerina and Kirill Shamalov in 2013, an opulent affair. Nikolai Shamalov, Kirill's father, was an old Ozero partner of Putin's and shareholder in Bank Rossiya.

In the presence of a hundred or so VIP guests, all of whom wore white scarves embroidered with the letters K&K in red, the young couple arrived in sledge drawn by three white horses, a prince and princess, she wearing a long pearl coloured dress and Kirill an elegant morning coat, for the very private ceremony.

Just over a year and a half after the wedding, thirty two year old Kirill Shamalov borrowed more than one billion dollars from Gazprombank to acquire twenty percent of Sibur, one of Russia's most important petrochemical companies.

Immediately after graduating, Kirill Shamalov had joined Gazprombank as legal adviser and his older brother as deputy director. Putin's eldest daughter married a Dutch businessman, Jorrit Joost Faassen, who also held a high-level position at Gazprombank.

Bank Rossiya, commonly known as 'Putin's wallet', was to become emblematic of Putin's brand of crony capitalism, in which his loyal, originally impecunious friends, were transformed into billionaires and whose control of key sectors of the Russian economy has enabled Vladimir



Vladimirovich to maintain his iron grip on power, and its voice: Gazprom-Media, which his pals also controlled.

In 2014 the US introduced a series of sanctions on Bank Rossiya and Kovalchuk, but Sergei Roldugin who owned nearly four percent of Bank Rossiya, which controlled assets worth an estimated eleven billion dollars, escaped the sanctions, and the bank exploited the oversight to open secret accounts under his name.

Russia's tragedy was Perestroika had given birth to kleptocratic regime, whilst Deng Xiaoping's economic reforms, which had similar origins, transformed China into the world's manufacturing centre. The result was the transformation of Russia's economy into one dependent on commodity based exports, at the expense of its declining under capitalised industries.

<sup>1</sup>. ozero lake

## RESURRECTION

Tarasov held many secrets, secrets that were better hidden, forever, secrets that could cost him his life. Fitzwilliams' untimely death had been a warning and Tarasov knew his enemies would not hesitate to target his family.

He had been no ordinary member of the inner circle, his ties to the Bratva were hidden behind an impenetrable veil and his banking group had established an overseas empire that held the secrets of just about every major business in the Federation.

Sergei Tarasov if he had been evinced from the INI Moscow Bank, he was still the majority owner and chairman of IB2 Investment Holdings, an independent company headquartered in Luxembourg, which owned interests in oil and gas, asset management, commerce, insurance, retail trade, telecommunications and utilities.

The secrets he held were such that his untimely death would release a flood of documents that would be fatal to the Kremlin and its men. Thus, after a long moment of soul searching and reflection the Kremlin was forced to conclude the only way forward was through a face saving negotiation, in which Tarasov traded his promise of silence for his life and the lives of those close to him.

Tarasov's sudden appearance in Paris came after weeks of behind the

scene negotiations by Howard and his friends which were concluded in a secret meeting in Zurich, between Tarasov's lawyers and those of the Russian Finance Ministry. An ultra confidential deal was negotiated whereby the banker ceded the totality of his Russian and certain overseas holdings in exchange for criminal charges and claims on his overseas assets being discretely dropped.

IN2I had been founded in 1998, during the Yeltsin presidency, by Tarasov to protect his personal earnings against the uncertainties of that era. Over the course of one and a half decades IB2 built up its share holdings in diverse companies in Russia, Belarus, Kazakhstan, Cyprus, the UK and the USA as well in Fitzwilliams' different banking units in London, Dublin and Amsterdam. Tarasov's offshore empire had been transferred to a Swiss holding company at the end of 2013, and his various assets were held in companies well out of reach of Moscow.

Further Tarasov agreed to total secrecy relating to all Russian affairs of state and abstention from all criticism of the regime past present and future.

The threat of non-conformity with the agreement was implicit.

The settlement came after Putin had called the banker a common swindler and compared him to Berny Madoff. In much the same manner the Russian President had pardoned his enemy Mikhail Khodorkovsky, after calling him a common thief, two years earlier. The luckless Khodorkovsky, who had spent ten years in Siberian prisons, had promised to refrain from all further involvement in politics.

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Tarasov resurfaced in Dingle on the West Coast of Ireland, much to the relief of the harbour master who feared Tarasov's super yacht, the Cleopatra, had been abandoned by its a crew. The truth was they had been on forced leave out of fear of an attack similar to the one that had cost Fitzwilliams his life.

The luxurious sixty metre yacht, which could accommodate more than twelve guests in staterooms on its four decks with a standing crew of eleven, represented a potential threat, a security hazard, and its Bermudan registered owners had not returned calls or mails.

Tarasov's disappearance had raised numerous questions. Neither he nor his family had been seen at their home in London for weeks. Rumours were rife, some said he had been kidnapped or murdered by FSB agents, others said he had been spotted in South America.

Sergei spent his first full day back in public in Paris, meeting friends at the

discrete and exclusive Bristol, from where he could see the forecourt of the Elysée Palace. That evening he dined with Steve Howard, John Francis and Arnaud Diebold in his suite.

The French establishment's intellectual haunt was not for Tarasov: the iconic but pretentious Brasserie Lipp, which had served Khodorkovsky, neither did he chose vodka, herrings and potatoes. As for establishment intellectuals like Bernard Henri Levy and George Gluckmann who had present to celebrate the freedom of Khodorkovsky, a fellow member of the diaspora, in a misplaced cause célèbre.

The international business world saw Tarasov as a victim of the Kremlin's machinations and many reputed international asset management firms had invested in Tarasov's Russian real estate projects only to see their funds blocked, be it temporarily, after his bank was seized by the Russian authorities following the oligarchs refusal to invest in the Kremlin's Patriotic Fund.

As partner in the Diebold development, an important project in the French capital, Tarasov had been accorded the tacit approval of the French authorities locked in an uncomfortable position with the Russia after the cancellation of two French built warships, as the result of Western sanctions against Moscow.

The atmosphere at the Bristol was that of a gathering of old friends to celebrate an occasion and occasion it was: the French billionaire, Arnaud Diebold, friend of the politically powerful, had accepted Tarasov's proposal to invest in the construction of a vast property development on the east side of Paris.

Steve Howard, a long time friend of Diebold, had brokered the deal and the news was to be announced the following day at a press conference in the billionaire's offices at La Défense, the business district of Paris. Tarasov's New York investment firm, Millenium Capital Management, would head the pool to finance the development.

## BARTON

Tom Barton's reasons for quitting were more profound than the accumulated pressures of the City. It was more due to the deep malaise he

felt when betting against humanity. The funds he had managed since 2010, had made considerable profits: taking short or long positions against the euro, dollar, yen, rouble and yuan; gold, oil, Greece, Russia, the EU, property and a pile of other assets. The misery of others filled his pockets and those of his investors.

As a mortgage broker he had witnessed the speculative folly of ordinary men and women, how they moved with the crowd, their stampede to get in and then out, and the naivete of the common investor. In the years leading up to the subprime crisis he had learnt a lot about human nature.

Towards the end of 2007, anticipating the crisis, he had decided to pull the plug and cash in, and dropping everything he embarked on his first fugue.

In 2009, he shorted oil, on the advice from Steve Howard and Sergei Tarasov, then after his return to the City he bet on the European sovereign-debt crisis. Initially with his own money, then through investment funds he speculated with the money of others, specialising mainly in property, commodities and forex.

Wars, disasters, terrorist attacks, political crises and their effects on Europe, Japan, and the US, were seen as profit making opportunities for astucious investors, and being one he took positions on commodities and forex.

He bet on cupidity, the lust for power, and the decisions of squirming of politicians, all of which provided him with endless opportunities to make money, but as time passed the morality of his methods began to take their toll.

Political ambitions always ended badly, it was an historical fact. Leaders like Putin rarely got it right over the long term, they were gamblers, who either forgot or were ignorant of the basic rule: the bank always wins, anything else was for Hollywood. Winning streaks always ended in disaster, because inveterate gamblers always craved for one more roll of the dice.

But Barton was not a gambler, he watched and waited, like a hunter stalking his prey. He had learnt patience, timing and swift action, and if his prey ran faster he promptly abandonned the chase, awaiting another opportunity.

His life had taken a turn for the better since he had met Lola. The birth of their son had not only brought an unexpected sense of fulfilment to Barton, but an immense joy of her grandparents. Don Pedro Herida was assured of the continuity of the family line. The marriage had taken place at the Hacienda del Independencia, where it was officiated, in the family tradition

without great pomp, by Monseñor Arturo Fuentes, Vicario del Iglesia de la inmaculada Concepción de Barichara in the presence of Lola's family and close friends.

As the last days of 2015 approached Tom Barton looked on the world from afar. As a good father he had reduced his risks. His future now lay with Lola and their son Pedro Tomas Felipe Alfonso. What happened in the world outside was far away, however he knew that what happened outside had a way of intruding into even the most distant corner of the planet. By definition Black swans had the habit of popping up when they were least expected.

## A JEWEL IN THE CROWN

Galle, a former colonial town, lay about one hundred kilometres from Colombo in Sri Lanka. It was a place Europeans had used as a trading outpost for more than four centuries until independence in 1968. During Sri Lanka's last years as the jewel in the crown, the coast to the south of Colombo had become the home to a number of writers including Arthur C Clark and on occasions Paul Bowles, the American composer and writer, who lived in Weligama a dozen kilometres to the south of Galle on a private island.

John Francis had bought a home just outside of Unawatuna in the mid-seventies, a run down plantation facing the sea that had once been owned by a British family. It took a couple or more years to restore the colonial style home that he named The Plantation, which became his retreat between semesters at Trinity.

It was an ideal place to not only write his academic works, but also his best-selling books that treated the non-academic and more colourful aspects of economics through the ages, all which earned him a solid reputation amongst popular and specialised readers.

The Plantation was far from the crowds and off the beaten tourist track, his own paradise, a haven of peace, and last but not least a relief from the often depressingly dull weather of the Emerald Isle. It was his secret hideaway, the existence of which was shrouded in near secrecy, reserved for friends including Pat Connelly who was a regular at the Galle Literary Festival.

The economist's greatest fear was that of attracting his backpacking students and cumbersome friends, though the curious amongst them were often intrigued by his regular tan.

Tragedy struck in 2004 when the island was hit by the terrible tsunami. By good fortune The Plantation escaped relatively unscathed, protected by a headland that took the full force of the waves.

Times changed and in 2015, Unawatuna had recovered, a small tourist centre, still light-years from the transformation that had taken place in Phuket and other previously little known beaches, though for a moment the town had attracted a number of Russian tourists, but that was before the collapse of the rouble.

Since their holiday in Province, Francis realised he needed Ekaterina, the question was how to convince her to leave Russia.

“I’d like you to come to Dublin,” he had told her.

“I’d like that, but ...,” she had replied.

The idea of living in Dublin phased her, the rainy city had little to offer apart from rain instead of snow.

Francis then concocted the idea of asking her spend Christmas at The Plantation. At first she was hesitant, she was reluctant to leave, Alina, her daughter behind. Francis then played his trump card: inviting her parents join them together with Alina and to his delight she jumped at the suggestion.

He had already accepted the idea that if he intended to spend his life with Ekaterina her family would have to be part of it. It was normal, but for a hitherto confirmed bachelor it was a big step, inviting a Russian family into his life.

Prior to their arrival The Plantation as was usual spruced up with special attention being given to the pool and beachside. However, his faithful long-standing housekeeper was a little puzzled when he asked for a little special attention to be given to his bedroom with its king-sized bed and that an adjacent room be prepared for a child. There nothing unusual in him inviting guests or loaning the villa to friends, but this time his housekeeper understood it was something special.

The villa was composed of several rooms facing the gardens and the sea beyond, all of which had been converted into spacious suites where his guests could enjoy their privacy with their meals served on the pillared verandas that opened onto the gardens, or when they all got together around an immense ancient table set out for the occasion on the well trimmed lawns beneath the shade of the palm trees.

Amongst those who stayed at The Plantation were Pat Kennedy and Lili,

who had honeymooned on the island. Their sojourn had a side effect, at least on Kennedy, and was to shape his future. He had been captivated by their visit to the ruins of Sri Lanka's ancient civilization and its two capitals, Anuradhapura and Polonnaruwa, to the north of the Island, exciting a life long fascination with mysterious civilizations so recently re-awakened by a visit to Xi'an and his discovery of China's long and fascinating history.

The Plantation with its gardens overlooking the sea had in fact been the planters home. Tall coconut palms provided shade from the sun and the garden's borders were planted with colourful flowering shrubs. To the rear of the house ran the coast road separating it from the spice plantation, which continued produced a variety of quality spices and coconuts, providing Francis with sufficient income to maintain the property and pay a plethora of staff: a housekeeper, cook, chambermaids, gardeners and a driver, not counting the manager who like the others doubled as employees in the spice plantation, all of which allowed Francis to live like a modest member of the latter day Raj.

The sea frontage was more than one hundred metres long, though the sandy beach was narrow, meaning the pool and trimmed grassy spaces under the palms were where Francis spent his relaxed moments reflecting on the state of the world and its destiny, or inviting his long time expatriate friends from Galle and its surroundings, amongst whom had been Arthur C. Clarke and Paul Bowles passing many memorable evenings in earlier times.

Ekaterina was overcome with pleasure when she discovered the villa. She had never imagined such colonial splendour, an extravagant description, though from the heavy snow and subzero conditions in Moscow it was not an exaggeration. Alina, in spite of the fatigue from the long journey, was raring to go one she set her eyes on the pool and the sea.

## BREXIT

As Brexit threatened the future of the EU and Britain, the negotiations on a transatlantic free-trade agreement painfully marked time. The anti-everythings cried foul voicing anti-American and eurosceptic sentiments.

The idea of a group of eight hundred million consumers as a counterbalance to Asia was cast to one side as the threat of a Brexit rumbled on in the background.

Francis feared a decline or even worse the slow disintegration of the European Union if the UK voted 'Out'. The trouble was Britain's anti-

European sentiment went back a long way, a very long way, to the Napoleonic Wars when London chose the world rather than Europe.

Winston Churchill had once said 'If Britain must choose between Europe and the open sea, she must always choose the open sea'. It was a contradiction in terms considering the great leader had called for 'a kind of United States of Europe'.

Put in perspective Britain's position in the world was far from that when Churchill led Britain into war against Hitler. On the eve of war in 1939, London was the centre of a great Empire, when China and Russia were inexistant in geopolitical terms, and the Empire of India British. In 2016, a post-Brexit Britain would be small and weak, the black sheep of Europe, unable to dictate terms in the new and necessary trade agreements.

Those who favour a Brexit share the stubborn belief that their small island could stand alone like in the nineteenth century when Britain's industrial and commercial expansion took place in a less developed world, where its colonists, financiers, engineers, explorers, seamen, insurers and administrators held a competitive advantage. The same could not be said in 2016.

The possession of a great empire created ideas among Britain's elite that still persisted in its system of education and public schools, in its military establishment, its media, from the popular to the quality press, literature and cinema and even sport.

Men like Barton were frequently asked how it was over there, implying it was certainly not as good as here, at home.

The rejection of Europe and its values was strange, Britons rejected its immigrant workers, while they accepted the transformation of London boroughs like Newham, within walking distance of the Gould Tower, where its population of East Enders had been replaced by one made up of over seventy percent non-grassroots immigrants, speaking a multitude of languages with a large Muslim minority, and where classes in certain schools counted just three non-immigrant children.

The question was not one of nationality, colour, race or religion, but why fellow Christian Europeans were rejected by a significantly large percentage of Britons, some of whom treated the EU as a Nazi or Soviet organisation.

Putin must have grinned with pleasure as Cameron's absurd gamble seemed to backfire. A weakened EU was all that he could have hoped for: a weakened institution with less power to counter his threats to Europe's



borders. And the leader of the Brexit faction, Boris Johnson, worked for him by declaring Europe was partly to blame for Russia's invasion of the Ukraine.

For all its limitations, the EU was far better than the fractious state of Europe of the past, but divide and conquer was what the Kremlin wanted and anything that went in that sense could only go to please Putin.

## BEIJING

Four years after a high-speed Ferrari crash in Beijing, in which his son was killed, Ling Jihua, a top level adviser to the former Chinese president Hu Jintao, was about to be tried on accusations of taking 'massive' bribes and illegally obtaining state secrets.

Ling Gu was killed in a horrific and scandalous road accident in the early hours of the morning when the black Ferrari 458 Spider, smashed into a wall on Beijing's fourth ring road instantly killing the twenty three year old.

The New York Times reported when Ling Jihua visited the Beijing mortuary where his son's corpse was being held he 'coldly denied that it was his son'. But the tragedy did not end there, the death of Ling Jihua's son exposed to the world to the vast wealth of China's political elite.

Ling was one of the highest profile targets of the anti-corruption campaign launched by President Xi, who demanded the children of super rich be taught the value of money and sent to a 'social responsibility' retreat, where, risibly, the fine for turning up late was equivalent to mere one hundred dollars or so.

The fùèrdài, or children of super rich Chinese, openly boasted of their wealth on Instagram, flying around in private jets, holidaying on luxury yachts and driving super cars. They thought nothing of spending hundreds of thousands in a single night on Dom Perignon Champagne in Macao or sex and drug fueled parties in Sanya, showing off their designer clothes and jewellery: Burberry, Kenzo, Agent Provocateur and Dior, Louboutin shoes, Chopard and Cartier.

Ling Gu's death created a huge scandal when it was revealed his passengers, three young women, were seriously injured, in the crash, two of whom were found naked and the other partially undressed.

Lamborghinis and Ferraris were a far cry from the Great Proletarian Cultural Revolution that took place fifty years earlier during one of the

bloodiest eras in modern Chinese history, when as many as two million people died in a decade-long period of political and social chaos when Mao Zedong fomented turmoil, bloodshed, hunger and stagnation, in a bid to use the Chinese masses to reassert his control over the Communist party.

It was an attempt by the aging dictator, whose authority had been undermined by the Great Famine of the 1950s, to reassert control over the party by destroying his real or imagined enemies.

In June 1966, after the party urged the masses to ‘clear away the evil habits of the old society’ by launching an all-out assault on ‘monsters and demons’. Heeding the call of the party, Chinese students sprung into action, setting up Red Guard divisions in schools and universities across the country and by August destruction raged as the Red Guards were urged to destroy the ‘four olds’: old ideas, old customs, old habits and old culture. Churches, temples, libraries, shops and homes were ransacked or destroyed as gangs of youths wearing red armbands and military fatigues roamed the streets attacking the bourgeois officials, teachers and intellectuals.

The victims were publicly humiliated, beaten and even murdered. In Beijing nearly two thousand people lost their lives in August and September of that year, as the student led red terror spread and China was plunged into a state of civil war, as rival factions fought in towns and cities across the country.

It was two years before Mao realised his revolution had got out of control and to rein in the violence millions of young men and women were sent to the countryside for re-education and the army sent in to restore order. The violence finally ended 1971 after a huge loss of life and the destruction of cultural monuments. In all as many as two million Chinese died, many of them when the army moved in to restore order.

Even Deng Xiaoping was publicly humiliated, and Xi Zhongxun, the father of China’s incumbent president, Xi Jinping, was beaten and sent into exile.

With Mao’s death in September 1976, the Cultural Revolution finally came end and his widow, Jiang Qing, part of the Gang of Four, was publicly tried for masterminding the chaos and sentenced to death, though this was later reduced to life in prison.

## CROWNING GLORY

All of a sudden Pat found himself being courted by Downing Street. It all started with a call from a secretary at the British Embassy in Hong Kong with an invitation to lunch from the Ambassador.

Peter Devillier was a nice enough fellow whom Pat had shaken hands with and even exchanged small talk on a number of occasions: cocktail parties and the like, at different do's and events like the Queens birthday, when expats and local dignitaries were the ambassador's guests.

Pat had made the front pages of the local press during the year, the most remarkable being that in the South China Post with the sensationally front page headline: 'Hong Kong banker missing in jungle'.

Pat's fortunes had dramatically improved since the failed grab by City & Colonial of INI Bank Hong Kong, an event that had consolidated of his position. His victory was transformed into a triumphant reversal of roles with the transfer of INI London's City headquarters to the former colony following the acquisition of City & Colonial's holding by the Wu family holding.

Fate had put Kennedy on a conveyor that had elevated him to a high, but mostly symbolic position as the head of INI, after Michael Fitzwilliams, part of the establishment's traditional elite, had lost control in an increasingly unpredictably and complex world, where globalisation and growing variables dictated events.

As Pat was shown into the official reception room he surprised by the presence of the Irish Ambassador, Sean Reilly, and immediately suspected some kind of a plot. However, his fear was transformed into curiosity when Devillier beating about the bush, spoke of the planned state visit to London of the Chinese president, vaguely hinting at the Wu family's links to Xi Jinping's extended family.

Irritated by his counterpart's dithering Reilly cut in, suggesting Kennedy could help Irish interests by assisting the ambassador.

Pat, realizing what was on Devillier's mind, had difficulty in retaining his amusement in the face of such extraordinary chutzpah, however he was quick to realise it was a wonderful opportunity to advance his own interests.

"A spy?" said Pat.

"No, no, Pat," spluttered Reilly.

Devilleir smiled and lifted his hand, "Of course not. We're not looking for intelligence. We're trying to cement relations with Beijing, nothing more. But Her Majesty's government would be very generous if you could help

Mr Kennedy.”

Pat smiled, it was ridiculous to think a man of his wealth could be bought.

“A knighthood?” he ventured.

“That would be a little premature,” replied Devillier with a sad condescending smile. Then brightening up added: “On the other hand we could arrange an invitation to the Guildhall luncheon in honour of President Xi Jinping.”

“The Guildhall? I’ve been there more times than I can remember,” Pat announced inferring interest providing the conditions were sufficiently attractive.

Devillier frowned, “I see.”

“What about meeting the Queen,” said Pat amused at the idea of being received at Buckingham Palace.

“The state dinner?”

“Yes.

“That might be a little difficult.”

“My father-in-law knew Xi’s father. I believe there are even some business links with his family,” Pat said treading carefully.

“Yes, of course,” said Devillier well aware of those facts ... and more.

The ambassador was an old China hand and knew better than any London spin doctor the workings of guanxi, where the family members of the powerful were known to be potential tools of influence, and used in the hope of reaching the seat of power.

“I’ll see what we can do Pat,” he replied slipping into first name terms and holding out his hand to Kennedy.

Pat accepted Devillier’s hand to the evident relief of Reilly, who thanks to the ambassador was piggybacking into hi-tech electronics in nearby Shenzhen.

In effect the Wu’s had long established links with the Chinese leader’s extended family’s discrete business interests in Hong Kong in sectors as varied as rare earths, real estate and telecommunications.

The government in London was seeking to expand UK trade with China by forging links with its powerful ruling families, something that was easier said than done given the Chinese government’s crackdown on corruption and graft.

Pat found himself in a rare position with his Chinese family’s links to Red Royalty, the children and grandchildren of revolutionaries who had

marched with Mao Zedong on his long road to power: princelings, the progeniture of the top families that swayed influence in politics and business.

Reilly spoke of a British businessman married to Xi's niece who had been of considerable use in building contacts, but since Xi had become President of the People's Republic. He had been an excellent promoter of Anglo-Chinese relations, his influence could be measured after he had obtained the use of The Great Hall of the People in Tiananmen Square to host a private dinner for Chinese and Western businessmen.

But they could not overlay their hand and compromise their man, which is where Pat came in.

Though Pat's connections were not of the same order they were more enduring and more effective since the niece's husband had been distanced from external contacts when Xi came to power for reasons of state. China could not afford a scandal that would embarrass its president.

Pat was a banker and as such navigated his way through the world of business with a privileged network of contacts, including those of the Wu family, which included Xi's brother-in-law, also Wu, part of Lili's enlarged family.

The brother-in-law, Wu Xiao Long, had extensive interests in telecommunications technology as well as business links to China's state owned telecoms company, the world's biggest.

Lili's grandfather had known Xi's, who had been instrumental in persuading Deng Xiaoping create China's first SAR in Shenzhen, launching China on its astonishing flight to modernity when he declared: 'Let a part of the population get rich first' and 'To get rich is glorious'.

The Chinese president's sister made her first investment in Hong Kong twenty five years earlier: an apartment, the cost of which was the equivalent to one thousand years the average Chinese salary at that time. She established Hong Kong residency and with her husband went on to build a vast business and property fortune in the colony and Shenzhen.

Since ancient times it had been a Chinese tradition for members of the ruling elite to transform political power into personal wealth and they continued to do so, providing family members with a leg up into banking, finance and industry. It confirmed the Chinese saying that went back to a certain Xu Xun, a Taoist priest who lived in the third century AD: (when a man gets to high places) his whole family, including even their chickens and dogs, ascended to heaven together with him.

Amongst those who heeded Deng's words was Lili's family, investing initially in textiles and then electronics in the SAR, and as always in such families they distributed the roles, certain making their careers in politics and government, as had Lili's father in Canton, and others in business like her paternal uncle.

A week later Pat was summoned to the Embassy where he received from the hands of the ambassador a Royal convocation for he and his wife to attend the state banquet to be held at Buckingham Palace in honour of the Chinese president. Pat could scarcely conceal his joy. His mother would have swooned at the idea: her son, a simple lad from Limerick was being given the extraordinary honour of being invited to a state banquet given for Xi Jinping the President of the People's Republic of China by the Queen of England.

\*

When the great day arrived Pat and Lili found themselves amongst a dazzling collection of guests: royalty, diplomats, ministers, politicians and a handful of celebrities, stars and outstanding business personalities.

At the glittering banquet Pat and Lili were seated between high level government officials and representatives of the Chinese business world; members of President Xi's delegation.

It was part of the Chinese President's four day state visit to the UK, which according to some was supposed to open a golden era in London's long-standing and often controversial relations with Beijing.

The Wu's enjoyed connections with Xi's sister thanks to her husband, also a Wu. In this way Lili had met Peng Liyuan, the wife of Xi Jinping, on several occasions. Peng, his second wife, often compared to France's former first lady Carla Bruni-Sarkozy - Nicholas Sarkozy's French-Italian wife, was a national star. Peng, who according to the Chinese government had been brought up in abject poverty, had risen to fame as singer. After starting out as member of a local choral troupe in the People's Liberation Army, at the age of eighteen, she became a popular star, singing in the Chinese New Year Gala and travelling the country in the green army uniform of the People's Army.

Peng Liyuan's popularity as a singer continued and her Red Army patriotic style records and videos were still top sellers, which earned her the rank of major general.

Behind the royal flim-flam of the state visit was a list of multi-billion-pound deals, notably the construction of nuclear power stations: Hinkley

Point in Somerset, Sizewell in Suffolk and Bradwell in Essex, designed to replace the UK's aging plants, in partnership with France's EDF.

It was a significant victory for China to see its president hailed by British crowds as he rode beside the Queen of England in the golden state coach towards Buckingham Palace. For the occasion The Mall was decorated with a dazzling display of China's red flags, a triumph for the Middle Kingdom one hundred years after its humiliating defeat at the hands of Queen Victoria's army and Imperial Britain's allies and the barbaric sack of Peking.

Xi was given the works with all the pomp and circumstance that only British royalty could offer, it was such that a casual Chinese observer could have mistakenly thought that an Emperor still sat on the throne of the Middle Kingdom ... chosen by heaven.

Amongst those who waited in the palace for the arrival of the imperial couple was Pat Kennedy, whose mind was now firmly set on a knighthood.

## **ACKNOWLEDGEMENTS**

This book could not have been written without the data and information published on the Internet and in the daily press collected over a period of nine years starting when the very first signs of the sub-prime, sovereign, euro, debt crises appeared in early 2007. I have trawled numerous British, Irish, US, Russian, French, Spanish, Chinese, Israeli newspapers, news blogs and specialist Internet sites, and books (authors' cited). And of course Wikipedia.

During this period I have collected information during my visits to the USA, China, Hong Kong, Panama, Colombia, Macau, Indonesia, India, Sri Lanka, Dubai, Thailand, Cambodia, Libya, Egypt, Kenya, Tanzania, Senegal, Mali, Morocco, Mexico, the UK, Germany, Belgium, France, Spain and Italy. To this I have added my experience in other parts of the world, notably Ireland, Australia, New Zealand, South Africa, Malaysia, Singapore, Brunei, the Philippines, Taiwan, Japan, Burma, Switzerland, Algeria, Russia, Germany, Scandinavia, the Baltic Countries, Poland, Hungary, the countries of ex-Yugoslavia, Greece, Turkey, Russia, Turkmenistan, Jordan, Syria, Israel, Egypt, the Caribbean, Central and South America.

I present my thanks and excuses to all the willing and unwilling

contributors to the information included in this book, the information from this information world. I have tried to verify the fictitious facts but this is an impossible task. In my humble opinion most data reflects real events and the opinions of the vast majority of persons affected directly or indirectly by the multiple crises.

This is a story, a novelised account of the events leading up to and relating to political and economic events, where the fictitious characters are fictitious, and where the real characters such as Vladimir Putin and Xi Jinping are real.

Readers will forgive me if I have rearranged the dates of some factual events to fit in with the narrative and its fictitious characters.

The stories of 2000, 2007-2008 and 2009-2010 are recounted in the other tomes of The Turning Point saga.

With my very sincere thanks to all contributors,  
direct and indirect, knowing and unknowing,  
willing and unwilling

John Francis Kinsella, Paris, May 2016

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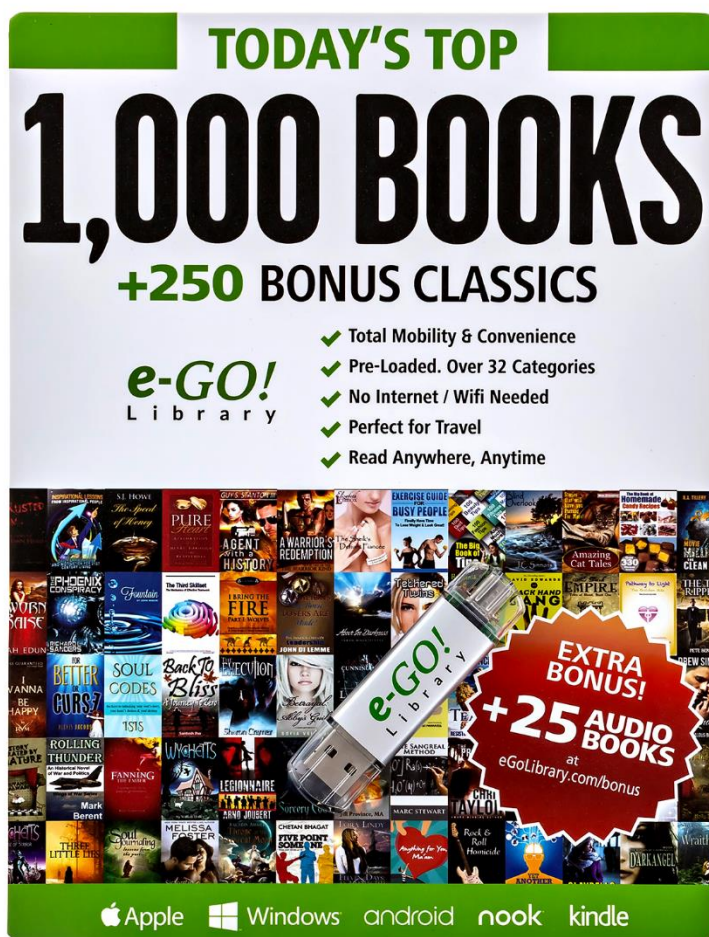
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