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Body

Unreported World Channel 4, 7.35pm

In the final episode of this indispensable series, Evan Williams reports from Culiacan, capital of the northern state of Sinaloa in Mexico, where drug gangs are fighting for control of the lucrative cocaine trafficking routes from Colombia into the US and Europe. Some 7,000 people have been killed in drug wars in Mexico in the past two years, with 960 people killed so far this year in Sinaloa alone. When the Government drafted in the Army to help the police, human rights organisations accused them of using excessive force. During his seven days embedded with the local police, Williams drives from the scene of one cartel-style execution to the next in a country where the rule of law is stretched to breaking point.

Gardeners' World Special BBC Two, 8pm

There is something delightfully old-fashioned about Gardeners' World. As Christmas becomes ever more commercialised, it strives to conjure up a magic that isn't dependent on AA batteries. In tonight's programme, an old car jack is used to squash apples. This apple juice, delicious on its own, can be heated up and laced with brandy and cinnamon and given to granny. The garden has been planted with willow, reflecting the low winter sunlight in vivid shades of red and orange. Bottles of English sparkling wine are cracked open, and tree and table decorations are made. Just thinking about it is curiously restful.

Oceans BBC Two, 9pm

It is appropriate that the last ocean in this series is the Arctic. Although the smallest and shallowest of the big five, it plays a vital role in the regulation of the climate - and is heating up twice as fast as anywhere else on Earth. Some 90 per cent of the sunlight that hits the ice is reflected back into space. As the reflective ice disappears, the water warms up. More ice melts and the entire process speeds up, accelerating global warming. Within five years, two million square miles of permanent sea ice will be gone. But amid the anxiety, there is fabulous footage of huge bearded seals, Atlantic walrus and Beluga whales.

Peter Kay's Britain's Got An Extra Pop Factor and Then Some 2+1 Channel 4, 9pm

Peter Kay's spoof of reality shows clearly struck a nerve with talent show-obsessed Britain a few weeks back. With 5.5 million viewers, it got the highest ratings of the year for Channel 4. In an exceptional evening for comedy on TV - which includes Frankie Boyle Live at the Apollo and a repeat of Eddie Izzard's classic stand-up routine in New York - this could be the highlight. Being a spin-off from the previous show, it features "exclusive" interviews with this

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year's winner, Geraldine McQueen, and the chance to hear her new single, Once Upon a Christmas Song. /S 897007617 /SO The Times /PD 19 December 2008 /PG 1 /SCT Home news /HD Rachel Nickell's killer is linked to 109 sex crimes /BY Sean O'Neill, Adam Fresco /TX /PA Police admit they did not do their job properly /PA A litany of serious mistakes by the Metropolitan Police left Robert Napper, a psychotic killer, free to take the lives of two young mothers and a four-year old girl. /PA One of Scotland Yard's most senior officers admitted yesterday that the killings of Rachel Nickell on Wimbledon Common in July 1992 and of Samantha and Jazmine Bissett in their home a year later could have been prevented had police done their jobs properly. Assistant Commissioner John Yates said that "more could and should have been done" by the Met. /PA Napper, 42, who suffers from paranoid schizophrenia, waged a five-year campaign of sexual violence, claiming almost 90 victims before he was finally caught. /PA An Old Bailey judge ordered him to be detained indefinitely at Broadmoor high security hospital for the manslaughter of Ms Nickell. He has been an inmate of the hospital since 1995, when he admitted the Bissett killings. It has taken 16 years for him to be brought to justice for the death of Ms Nickell because police believed that Colin Stagg was guilty. Detectives will now interview Napper about other unsolved cases. He has been linked to 109 offences and 86 potential victims. /PA Napper's mother had reported him to police as a rapist in 1989, but he was not investigated at the time and he went on to kill Ms Nickell, stabbing her 49 times and mutilating her body in front of her two-year-old son, Alex. /PA Ms Nickell was found dead with the child holding her arm. His face was covered in blood and he was crying and pleading: "Get up, Mummy." /PA Detectives made Mr Stagg the prime suspect in the Nickell case, setting up a "honeytrap" operation to entice him into a confession. /PA Their colleagues, meanwhile, questioned Napper on four occasions as a potential sex attacker but he went on to kill again - murdering Ms Bissett, 27, and Jazmine in a brutal, sexually motivated attack. Natalie Pyszora, a Broadmoor psychiatrist, said that the police's failure to catch him made Napper feel untouchable. /PA Mr Yates said that the Met had to acknowledge the mistakes made in focusing on Mr Stagg and missing a series of opportunities to apprehend Napper. He added: "Had more been done, we would have been in a position to have prevented this (Ms Nickell's death) and other very serious attacks by Napper. I particularly here refer to the dreadful murders of Samantha and Jazmine Bissett." /PA Mr Yates offered an apology to the families of Mr Napper's victims and to Mr Stagg. Only a week ago the Met publicly apologised for the bungled operation that led to the death of Jean Charles de Menezes. The force's embarrassment is compounded today by forthright criticism from Sir Harry Ognall, the judge who threw out the prosecution of Mr Stagg in 1994. /PA Writing in The Times, Sir Harry says: "The police closed their minds to any other possibility than that of his (Mr Stagg's) guilt. That cardinal error corrupted the whole of their investigation. They were wrong." /PA Ms Nickell's parents were in court to see Napper admit manslaughter on the ground of diminished responsibility. Andrew and Monica Nickell sat two rows behind their daughter's former partner, Alex Hanscombe, the father of their grandson. As the court heard details of Napper's ferocious three-minute attack, Mrs Nickell bowed her head and her husband placed a comforting hand on her shoulder. /PA In a victim impact statement, Mr Nickell said: "The greatest loss is your future. All the things that any family hopes for and expects are completely smashed. There will be no daughter to talk to in our old age, no grandchildren to love and admire. At a stroke all this has been removed." /PA Mr Nickell revealed a bitter rift with Mr Hanscombe, who he said had retreated "into pain and blame". He added that he and his wife no longer saw their grandson, who is now 19. /PA Mr Justice Griffith Williams said that he hoped that Napper's guilty plea might enable him "to draw to a close a long chapter in his life". /PA The judge said that the evidence of injuries to the boy's face suggested that Napper had dragged him face down along the ground. /PA Napper was told that he was unlikely ever to be released from Broadmoor. The judge said: "You are on any view a very dangerous man. You suffer from two serious mental disorders, paranoid schizophrenia and Asperger syndrome. Although treated over the years, you still present a very high risk of sexual homicide which can only be managed in a high-security hospital to reduce the risk towards women." /PA { /S 897007618 /SO The Times /PD 19 December 2008 /PG 2 /SCT Features /HD Number Crunch;Leading article;Comment;Opinion /BY /TX /PA Intelligent public debate in Britain is made more difficult by the low trust in the Government's data. An independent statistical authority is the only solution /PA There have been many methods mooted for telling the future before the fact: water divination, the stars, legible tea leaves and numerology. None offers any foresight but they are no less blind than our modern soothsayers, the economic forecasters. In the Budget, the Treasury forecast that borrowing for this year would be Pounds 43 billion. Then, in the Pre-Budget Report, it said Pounds 78 billion. Alastair Darling, the Chancellor, has already given warning that net borrowing next year might hit Pounds 118 billion. Retail sales this November rose 1.5 per cent when economists had been forecasting a fall of 0.4 per cent. /PA This complete failure to see round corners is exacerbated by the tendency of governments to use statistics not as performance measures but as political mantras. Last week, 10

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Downing Street and the Home Office were upbraided by Sir Michael Scholar, the head of the UK Statistics Authority, for releasing data on knife crime that was, as he put it, "premature, irregular and selective". The Home Office had already been criticised in August by the head of the Royal Statistical Society for playing fast and loose with the release of immigration figures. These incidents cast doubt on all the data in the public domain. No sooner does the Government claim an improvement to a service than the integrity of its statistics is impugned. The Institute of Directors recently decried the data on maths and English performance by 11-year-olds. On all the available data, crime is falling but hardly anyone believes the numbers. It is widely assumed that the Government is lying about the number of un- employed people, the numbers on incapacity benefit, the number of immigrants. /PA A survey by the Office for National Statistics (ONS) found that fewer than one in five Britons believe ministers do not meddle with official figures. Improving public trust was one of the issues that Gordon Brown said would define his premiership. And, indeed, a reform Bill was introduced in April this year. It created the UK Statistics Authority, to operate purportedly at arm's length from government. The new regime introduced an independent governing board for the ONS, a regular report to Parliament and a session before the Treasury Select Committee. It was all very sensible-sounding and none of it has made any great difference at all. /PA The current system will never inspire confidence. The basic problem is that the Government is still involved at every stage. Government departments actually compile four fifths of all data that are released. Initial drafts of National Audit Office reports go through a negotiated clearance with departments during which contentious findings are usually removed. /PA The basic principle to follow is that the people who gather interesting facts should themselves be disinterested. Full independence to the UK Statistics Authority is the only way to increase public confidence. That move should be coupled with the removal of the right of politicians to see data before release. The current rules permit a select group of ministers to see market sensitive information 40 hours before it is made available to the public. France allows just an hour and the United States no more than 30 minutes. /PA It would also make sense if the range of advice available to politicians were widened. No institution has a monopoly of wisdom about the present, let alone the future, and the Treasury has no claim to either title. Twenty days into Mr Brown's chancellorship in May 1997, a little- noticed Treasury press release noted that competitive tendering for its forecasting had been rejected. It is time that a wider range of numer- ologists was brought in. A richer conversation and an independent body is the only way to make us believe the statistics are not just damned lies. /PA { /S 897007619 /SO The Times /PD 19 December 2008 /PG 2 /SCT Features /HD Draining the Poison;Leading article;Comment;Opinion /BY /TX /PA A formal verdict on the Rwandan genocide is essential for reconciliation /PA The systematic slaughter of more than 800,000 Tutsis and moderate Hutus in Rwanda in 1994 was one of the most horrific crimes perpetrated since the Holocaust, and one of the few that can genuinely be called genocide. The verdict yesterday by the UN Tribunal that Colonel Theoneste Bagosora, the chief instigator of the massacres, was guilty of crimes against humanity is entirely appropriate (see page 43). /PA Life imprisonment will seem to many a mild sentence, and will do little to assuage years of grief. But it sends a powerful message to tyrants across Africa and beyond. Whatever the attempts to explain away barbarism with the cliché of only obeying orders, those who carry out, as well as those who order, mass killings will be held responsible and prosecuted - by the United Nations, if not by their own compatriots. It is a message that needs to be clearly understood in Zimbabwe as well as in Sudan. /PA The verdict is also vital in the attempt to promote reconciliation. Societies torn apart by violence cannot be healed if no one is held accountable. Unless blame is formally established, a victim community will hold all their oppressors collectively responsible. If Muslims were not to see all Serbs as murderers, it was important to set up trials for the main instigators of the massacres in former Yugoslavia. The same is true of Rwanda. /PA The two tribunals have proved ponderous instruments for delivering justice. The opulence and grandeur of a European court system seems out of touch with the experience of the victims. The legal process in Arusha, the Tanzanian town where the Rwandan accused are being tried, has already taken 14 years, as defence lawyers have been able to manipulate the trial procedures. So far, the tribunal has already convicted thirty-four people and acquitted six others. The Bagosora case, by far the most important, began in 2002 and was expected to last two years. In the end, it lasted six, covering 409 trial days, hearing 242 witnesses and producing 30,000 pages of transcripts. /PA If this was the price for draining Rwanda of its poisonous legacy, it was worth paying. The country has, however, already done much to promote healing. Since many of the 63,000 perpetrators are still living among the relatives of the men, women and children they killed with machetes, iron bars or primitive clubs of planks and nails, it was vital to promote a national catharsis. Rwanda has done so through community courts, or gacaca, where suspects are encouraged to confess and seek forgiveness in exchange for lighter sentences. It has been remarkably successful. /PA The wider evil of the genocide has not yet been overcome, however. The Hutu militias fled into refugee camps inside Zaire, now the Democratic Republic of

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Congo. They have since regrouped and are planning an armed return to Rwanda to avenge their defeat. Rwanda's Tutsi-dominated Government will never rest easy while they remain as an armed threat, and is supporting the rebellion against the Congolese Government. Some five million people have already died in the resulting confused regional conflicts. /PA The Arusha tribunal has only a year to run but has not finished its work. A further twenty-three accused remain on trial and eight trials are yet to begin. The doors of justice must stay open until all those who perpetrated these atrocities have been brought to court. /PA { /S 897007620 /SO The Times /PD 19 December 2008 /PG 2 /SCT Features /HD Maestro;Leading article;Comment;Opinion /BY /TX /PA Alfred Brendel has advanced and enriched the universal language of high art /PA Alfred Brendel, among the greatest musicians of the age, and now suffering from mild arthritis, took his leave of the concert stage last night. Appropriately for a pianist whose repertoire is especially associated with Mozart and Schubert, his final performance took place in Vienna, with a rendition of Mozart's Ninth Piano Concerto. Brendel's concert career has spanned 60 years. In addition to his live concert performances, he has recorded the 32 piano sonatas of Beethoven, twice, and the 27 piano concertos of Mozart. He is also an accomplished essayist. /PA Brendel's contribution to music is immense. But two aspects of his life and work are particularly noteworthy. First, his performances of musical masterpieces are spare and unadorned. He has eschewed the flamboyance that characterised Romantic interpretations, such as those of Jorge Bolet, a maestro of great popularity in the 1970s and 1980s. Brendel has allowed the music to speak for itself, and make sense in its own terms. As he has written of the quandries of playing Mozart: "Poetic players may find themselves sitting in a hothouse in which no fresh air can enter; you want to come and open the windows." /PA Second, Brendel - born in what is now the Czech Republic, growing up in Yugoslavia and Austria, and long settled in London - epitomises the remarkable cultural contribution of Central European polymaths in the past century. Belonging to the generation after the flight of European intellectuals from Nazism, he has continued a great tradition. Few artists exemplify more exactly the universal character and language of Western art. /PA { /S 897007621 /SO The Times /PD 19 December 2008 /PG 3 /SCT Overseas news /HD Corruption claims engulf Nobel prize;Factbox /BY David Charter /TX /PA The integrity of the Nobel prize was called into question last night after it emerged that a member of the jury also sat on the board of a pharmaceuticals giant that benefited from the award of this year's prize for medicine. /PA Prosecutors were studying whether AstraZeneca, the London-based multinational pharmaceutical company, could have exerted undue influence on the award. /PA The joint winner of this year's Nobel Prize for Medicine, Harald zur Hausen, was recognised for his work on the human papilloma virus (HPV), which can lead to cervical cancer. AstraZeneca has a stake in two lucrative vaccines against the virus. /PA Two senior figures in the process that chose Mr zur Hausen have strong links with the pharmaceutical company, which has also recently begun sponsoring the Nobel website and promotional subsidiary. The company strongly denies any wrongdoing. /PA It is not the only question mark hanging over the probity of the Stockholm based foundation. The Swedish prosecutor yesterday opened a parallel investigation into bribery allegations after several members of Nobel committees admitted enjoying expenses-paid trips to China to tell officials how candidates are selected for prizes. /PA Other members of the Nobel Foundation are said to be gravely concerned that the reputation of an organisation that honours the highest achievements in human endeavour is under threat from companies and nations hungry for Nobel glory. /PA Questions began to be asked about AstraZeneca's role after it agreed to sponsor Nobel Media and Nobel Web. Neither the company nor the foundation will say how much the contracts are worth, although they are estimated to run into hundreds of thousands of dollars over the next three years. /PA Further concerns were raised by Swedish radio, which revealed that Bertil Fredholm, the chairman of the five-strong committee that assesses Nobel candidates, was a paid consultant for AstraZeneca in 2006. Bo Angelin, a member of the 50-strong committee that votes for the winner, also sits on the board. /PA Last year, AstraZeneca acquired a company that developed a key component licensed for the production of two HPV vaccines made by other companies. /PA Christer van der Kwast, the director of the Swedish police anti-corruption unit, ordered a preliminary investigation. His actions have been dismissed by Michael Sohlman, executive director of the Nobel Foundation, who told Scientific American magazine: "How should I put this? He often appears in the media." /PA Mr van der Kwast told The Times last night: "My initiative was to look into this to see if there were grounds for investigation. I have ordered the prosecutor-in-charge to look into this." /PA A spokesman for AstraZeneca rejected any suggestion that its influence over the Nobel Foundation was improper. He said: "We have no influence over the prizewinners nor would we ever seek to. AstraZeneca as a company is not involved in the process of Nobel prize selection. Bo Angelin's involvement on the Nobel committee is completely independent of his role on AstraZeneca's board. Bertil Fredholm is a well-respected expert. He did some work for us in 2006, as we work with many people who are experts in their field. The relationship was ... no more than that." /PA SCHOLARSHIP AND

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PEACE /PA * Nobel prizes have been awarded every year since 1901. /PA The prizes, as designated in the will of Alfred Nobel, are in physics, chemistry, physiology or medicine, literature and peace /PA * Each prize consists of a medal, personal diploma and cash award - 150,782 kronor in 1901, 10 million kronor (Pounds 860,000) this year /PA * In 1968 the Sveriges Riksbank Prize in Economic Sciences was established in memory of Alfred Nobel /PA * The only /PA Nobel prize that is not awarded /PA in the Swedish capital is the peace prize, awarded in Oslo; this too was stipulated in /PA Nobel's will /PA * The youngest Nobel laureate to date was Sir Lawrence Bragg, who was 25 when he received the Nobel Prize for Physics in 1915, sharing it with his father /PA * Two laureates are known to have declined: Jean-Paul Sartre, below, awarded the literature prize in 1964; and Le Duc Tho, awarded the 1973 peace prize jointly with Henry Kissinger for the Vietnam peace accord /PA Source: nobelprize.org /PA { /S 897007622 /SO The Times /PD 19 December 2008 /PG 3 /SCT Features /HD So many awards, judge for yourself;Commentary;Opinion /BY Ben MacIntyre /TX /PA The Dodo at the end of the race in Alice's Adventures in Wonderland declares: "Everybody has won and all must have prizes." In the real world, however - despite the proliferation of prizes for science, literature, art, film, journalism, architecture and McDonald's employee of the month - there is always the lingering suspicion that those who do win prizes do not deserve them, and that the person on the podium got there only by back-scratching, influence-peddling or good old-fashioned corruption. /PA In part this is because the people who judge prizes, and those eligible to win them, are often the same people. The world of literature, for example, is a comparatively small one. A book prize judge is quite likely to know at least some of the people nominated for the prize, or their agents, or their publishers. The judge may have written a bad review of the candidate, or vice versa. /PA Such possible conflicts of interest would not necessarily invite corruption, but would certainly allow the losers to carp afterwards that they had been robbed. /PA Gore Vidal once remarked that there were more book awards than writers. About 9,000 film prizes are awarded annually, roughly double the number of feature films made. There is even an Awards and Recognition Association in the US, which hands out awards for the best awards. /PA But far from devaluing the currency of prizes by flooding the market, prizes matter more than ever. They are the accepted measure of cultural value, self generating publicity, far more important than critical acclaim and, in many instances, the key to commercial success and career enhancement. /PA In the vast sea of prizes, none is more coveted than the great Nobel prize, founded by the inventor of dynamite 25 centuries after the Greeks began awarding prizes for art. Nobel led the way, followed by Oscar, Emmy, Bafta, Pulitzer and all the others. /PA The Nobel prize judges were also fallible, though. The best man or woman did not always win. In 1901 the first Nobel Prize for Literature was denied to Leo Tolstoy. It went to Rene-Francois-Armand (Sully) Prudhomme, who wrote scientific poetry. No? Me neither. /PA { /S 897007623 /SO The Times /PD 19 December 2008 /PG 4 /SCT Features /HD Most read at timesonline.co.uk /BY /TX /PA 1 Near-invisible drawings found /PA on Leonardo masterpiece /PA 2 Cruise's Valkyrie role slated /PA 3 Afterlife tested by science /PA 4 Pictures: Obama the freshman /PA 5 Old polys challenge Oxbridge /PA 6 Madoff seeks \$3m for bail /PA 7 Retail sales rise unexpectedly /PA 8 Gallas faces axe at Arsenal /PA 9 Christmas hangover incurable /PA 10 Hallelujah at No1 - twice? /PA { /S 897007624 /SO The Times /PD 19 December 2008 /PG 4 /SCT Home news /HD Illegal donations /BY /TX /PA Catz Club, a charity that runs breakfast, after-school and holiday clubs for children, made two illegal donations to the Labour Party, the Charity Commission discovered. Earlier this year the party repaid Pounds 7,500 but an earlier donation has come to light. Charities cannot make donations to political parties. /PA { /S 897007625 /SO The Times /PD 19 December 2008 /PG 4 /SCT Home news /HD Babysitter cleared of murder in second trial /BY /TX /PA A babysitter was acquitted of the murder of a two-year-old boy after a second trial. /PA Suzanne Holdsworth, 38, was convicted of Kyle Fisher's murder in March 2005 and jailed for life but the Court of Appeal overturned her conviction after doubts were raised about medical evidence. Fresh evidence established there was a reasonable possibility that the boy had a prolonged epileptic seizure. The former supermarket worker was cleared by a unanimous verdict at Teesside Crown Court. Ms Holdsworth, of Seacroft, Leeds, demanded a public apology from Cleveland Police but the force refused. /PA { /S 897007626 /SO The Times /PD 19 December 2008 /PG 4 /SCT Home news /HD Dead soldier named /BY /TX /PA A soldier with the British Army killed in Afghanistan was named as Rifleman Stuart Nash, an Australian of the 1st Battalion The Rifles. He died after being hit by enemy fire in Helmand. His parents said: "We are shattered, of course, by the news, but Stuart was doing what he most wanted to do in life." /PA { /S 897007627 /SO The Times /PD 19 December 2008 /PG 4 /SCT Features /HD No sticky end yet for the most unpopular toffee;Analysis /BY Ian King /TX /PA After who has control of the TV remote control, or explaining Auntie Edna's charade, it is probably the biggest debate in households at Christmas: which is the least favourite chocolate in the selection box? /PA The most popular ones are easily identified. Nestle, maker of Quality Street, has even marketed them as larger

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individual chocolates in their own right since 2001. /PA The Big Green Triangle (a chocolate noisette pate), the Big Purple One (a milk chocolate hazelnut) and the Big Orange Crunch were all unleashed on the nation's palates after Nestle found that they were the most popular individual chocs in Quality Street. The Purple One is the most popular of all. /PA According to Nestle, the least popular sweet in Quality Street is the Toffee Penny, although its status in the tin is secure. A spokeswoman said: "It is the least favourite overall, but has a cult following and reflects the long history of the brand, so we'd be loath to see it go." /PA Quality Street dates back to 1890, when it was introduced as Mackintosh's Celebrated Toffee. It revolutionised the market by being a soft, chewy sweet in an age when rivals were either hard and brittle or runny caramel. /PA Cadbury has also easily identified the least popular items in its Heroes selection, ruthlessly jettisoning Picnic and Time Out last year and, this year, Dream and Crunchie. /PA Mars, which makes the Celebrations selection, could not bring itself to tell The Times which was the least popular of the range. But the subject has been widely discussed online, with the mini Bounty bars apparently the least popular. As one blogger puts it: "Nothing to celebrate here." /PA { /S 897007628 /SO The Times /PD 19 December 2008 /PG 4 /SCT Home news /HD Pesticide appeal /BY /TX /PA The Government is to appeal against a High Court decision that found that the use of pesticides on farmland caused harm to local residents. The Department for Environment, Food and Rural Affairs said that the court's decision would make it impossible to authorise pesticides for use in the UK. /PA { /S 897007629 /SO The Times /PD 19 December 2008 /PG 4 /SCT Home news /HD Heroes aren't what they used to be as Christmas chocs hit credit crunchie /BY Ian King, Deputy Business Editor and Will Pavia /TX /PA The economy is in recession, the pound is falling and now, with Christmas nearly upon us, even chocolates are being devalued. /PA To the dismay of many who sought, in this winter of our discontent, to find some consolation in a large box of chocolates, Cadbury's has altered the composition of one of its leading boxes to cut costs. /PA Yesterday the company defended its decision to cut expensive chocolates from tubs of Heroes, replacing them with cheaper alternatives. But market commentators accused it of cheating its customers. There was also anger among hardcore chocolate fans. /PA "Is there no tin of chocolates without toffee?" wrote one particularly exercised commentator on an online forum. "It looks like I will have to switch chocolates. I am bitterly disappointed. You had ten out of ten before, now it is five out of ten." /PA Banished from this year's Heroes is the white chocolate Dream and the Crunchie in a phenomenon that chocolate historians may one day term the Credit Crunchie. /PA Another relatively expensive chocolate, the Cadbury's Dairy Milk Whole Nut, has become rarer in this year's boxes. The place of these time-honoured favourites has been usurped this year by cheaper sweets such as Fudge, Bournville and toffee Eclairs. /PA Still attempting to digest the changes, one commentator wrote: "I ... am very disappointed to see the exclusion of white chocolates ... I could do without the addition of Bournville and I am neutral on the addition of the firmer, very chewy (watch those dental fillings!) Eclairs." /PA Alex Harrison, a Cadbury's spokeswoman, insisted that the selection in Heroes was changed regularly - but confirmed that price had been a factor in altering the ranges. /PA "Cost is definitely a factor," she said. However, she argued that white chocolate had become a "specialist" choice, beloved of only 2 per cent of consumers. According to its research, 8 per cent of Britons like dark chocolate while the overwhelming majority, 90 per cent, prefer milk chocolate. /PA "So quite a lot of it is to do with cost, as well, but ultimately going for the mass appeal is as important," she said. /PA "Last year, we took out Picnic and Time Out (because) those tended to be the ones which were left at the end." /PA Heroes was launched by Cadbury's in September 1999, in a counter-thrust to the success of Celebrations, made by its bitter rival Mars. /PA The company fought back with Heroes, a brand now firmly established in the Christmas market, and a key battleground in the recent price war between Britain's supermarkets. /PA Despite the cheaper prices, many ardent fans may conclude that in an age of disposable celebrities, when even Gordon Brown claims to have saved the world, today's heroes are simply not what they used to be. /PA { /S 897007630 /SO The Times /PD 19 December 2008 /PG 5 /SCT Home news /HD Brown challenges Archbishop for moral high ground /BY Philip Webster, Political Editor /TX /PA Williams welcomes credit crunch 'reality check' /PA The Government cannot "walk by on the other side" when people are suffering, Gordon Brown told the Archbishop of Canterbury yesterday in an extraordinary tussle for the moral high ground. /PA The Prime Minister delved into the New Testament to deliver a surprising riposte to Dr Rowan Williams, who had likened the Government's plans to boost spending to an "addict returning to the drug". /PA The head of the Church of England had told the Today programme on Radio 4: "It is about what is sustainable in the long term and if this is going to drive us back into the same spin, I do not think that is going to help us." /PA He also suggested that the credit crunch was a welcome "reality check" for a society that had become driven by unsustainable greed. /PA Mr Brown, facing questions in Downing Street after talks with Mirek Topolánek, the Czech Prime Minister, said that as the son of a church minister he always listened to senior church figures and backed the Archbishop's call for action

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against irresponsible bankers. /PA Then drawing on the parable of the good Samaritan, he said: "But I think the Archbishop would also agree with me that every time someone becomes unemployed or loses their home or a small business fails it is our duty to act and we should not walk by on the other side when people are facing problems. /PA "That's the reason why our fiscal policy is designed to give real help to families and businesses and to give them that help now." /PA The exchange came as Alistair Darling prepared new measures to boost bank lending. As The Times reported yesterday, he is looking at a national lending scheme under which the Government would guarantee loans to business. He is also said to be attracted to proposals by Sir James Crosby, a former chief executive of HBOS, to increase the supply of home loans by guaranteeing mortgage-backed securities issued by banks. /PA In a letter to Mr Brown yesterday, the CBI said that any additional fiscal stimulus could become an expensive failure without action to loosen bank credit for private companies. /PA Retail sales rose unexpectedly by 0.3 per cent between October and November - and by 1.5 per cent year-on-year - defying predictions and providing a much needed boost for government policies. Economists had been forecasting a fall in retail sales of 0.4 per cent. The Office for National Statistics said that the performance was driven by sales of food and household goods. /PA But the Prime Minister faced other gloomy news, with the pound continuing to fall against the euro, rising repossession projections and higher borrowing. /PA Interviewed on Today, Dr Williams insisted that the country had been "going in the wrong direction" for decades by relying on financial speculation to generate wealth quickly rather than "making things". Britain had backed itself into a corner, and must now rediscover patience and rethink the way that it viewed material gain, he said. /PA Dr Williams said that people should not "spend to save the economy", but instead spend for "human reasons" - to provide for their own needs. /PA Dr Williams admitted that he was likely to face criticism for giving economists advice. /PA "It's suicidally silly, I think, because I am not an economist by any stretch of the imagination," he said. "But I want to ask where these moral questions are in the economic discourse." /PA Asked whether that meant that the global financial crisis had been beneficial, Dr Williams replied: "It is a sort of a reality check, isn't it? Which is always good for us. A reminder that what I think some people have called fairy gold is just that - that sooner or later you have to ask, 'What are we making or what are we assembling or accumulating wealth for?'" The Archbishop called on the Government to give more of a lead on "how the civil society is created". /PA { /S 897007631 /SO The Times /PD 19 December 2008 /PG 5 /SCT Features /HD Deck the malls with piles of lolly? Unfortunately not ...;Comment;Opinion /BY Sarah Vine /TX /PA What tune are the cash registers ringing out this Christmas? A joyful carol of consumer confidence; or a melancholy dirge as yet more high street giants prepare to go the way of Woolies? /PA There appear to be tidings of comfort and joy in figures from the Office for National Statistics (ONS). They show an increase - yes, increase - in high street sales for last month: up 1.5 per cent year on year. Alistair Darling will want to celebrate with a particularly strong cup of tea, surely. But before we crack open those bottles of discounted champagne, we should consider the CBI figures released yesterday showing the worse downturn in retail activity since records began. /PA How to explain? Well, look closely and you will see that those CBI figures are for the first two weeks in December, the days after the Government's VAT cut. The increased November sales came after the 1.5 percentage point fall in interest rates but before the Government's VAT cut set alarm bells ringing. /PA The cut in interest rates, with the implied promise of more to come, would have produced instant relief in anyone with a mortgage, which inevitably translates into a few shopping treats. The problem was the VAT cut, and the unmistakable whiff of fiscal desperation that came with it. Suddenly, lower interest rates no longer felt like a welcome bonus. If the economy needed such strong medicine, then perhaps the patient was worse than we thought. So we all slammed on the brakes. Familiar with panic buying? Well, this is panic saving. /PA Nevertheless, some brave souls are still shopping. After all, with interest rates at their lowest since the Second World War, the money is practically useless in the bank - if indeed it still remains in the bank, and not at the bottom of Mr Madoff's naughty pyramid scheme. /PA { /S 897007632 /SO The Times /PD 19 December 2008 /PG 7 /SCT Home news /HD Young mother and daughter who caught the prying eye of a murderer;Victims 2 and 3;Rachel Nickell /BY Adam Fresco /TX /PA Samantha Bissett was the daughter of middle-class parents who took to travelling after rebelling against her conventional upbringing in Scotland (Adam Fresco writes). /PA She had the misfortune to settle down in the South London neighbourhood preyed on by Napper. /PA Ms Bissett and her four-year-old daughter, Jazmine, lived in a one- bedroom flat in Plumstead, near to Napper, and on one of the streets where he cultivated the obsessions that led from voyeurism to rape and murder. /PA In November 1993, 16 months after Ms Nickell was killed, Ms Bissett, 27, was murdered in the hallway of her flat in Plumstead, southeast London. She was raped, stabbed up to 20 times in the head and neck, and dragged into her living room, where Napper mutilated her body. Her daughter was sexually assaulted then suffocated. The scene was so horrific that a police photographer was unable to return to work for almost two years.

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/PA Ms Bissett, born in Dundee, was the well-spoken and well-educated daughter of an artist and had travelled around Europe and in a peace convoy to Stonehenge. She lived in various hippy communes before becoming pregnant by a fellow New Age traveller, the son of a barrister and a teacher. /PA Ms Bissett's father had died of lung cancer when she was 14 and her mother, Margaret, travelled from Scotland to help her daughter to find somewhere to live with her new child. They settled on the flat, where Ms Bissett devoted herself to her daughter, taking her responsibility seriously without losing her carefree nature, which included occasionally sunbathing topless in the garden and walking around semi-naked without drawing the blinds or locking the doors. /PA On one such occasion she is believed to have caught the prying eye of Napper. /PA Ms Bissett's mother, Margaret, died two days before Napper was due to go on trial for the murder in 1995. Her stepfather, Jack Morrison, said that he still thought frequently of Samantha and Jazmine. "When Samantha first died I was so angry that if I'd got my hands on a gun I would definitely have killed Napper. I just hope he never gets out. That day should never come." /PA { /S 897007633 /SO The Times /PD 19 December 2008 /PG 6 /SCT Home news /HD Delusional, depraved, terrifying: a criminal to match the Ripper;The Killer;Rachel Nickell /BY Sean O'Neill /TX /PA Napper left clues to his most notorious murder but was aided by shocking police failures, Sean O'Neill writes /PA Perhaps not since Jack the Ripper prowled the streets of East London has there been a killer as depraved as Robert Napper. /PA Yet until now he has been denied notoriety because of an overreliance on criminal profiling combined with the police's fixation on jailing another man for his most notorious crime - the murder of Rachel Nickell. /PA Napper terrorised as many as 86 women in a series of assaults in south-east London, known as the Green Chain attacks because of their proximity to a walking route of that name. They escalated, as he became more deranged, from indecent exposure to the rape of a mother pushing a pram. /PA When the police attention on his "hunting ground" came too close, he crossed London to kill Ms Nickell as she walked on Wimbledon Common with her son, Alex, aged 2. While the hysterical child looked on, Napper stabbed his mother 49 times and mutilated her body. /PA In November 1993 he broke into the flat of Samantha Bissett and stabbed her to death before sexually assaulting and smothering her four-year-old daughter Jazmine. He then returned to Ms Bissett's body, which he mutilated with macabre precision. /PA To date only seven crimes can be firmly attributed to Napper - three killings, two rapes and two attempted rapes. He refuses to discuss any further cases unless police can produce scientific proof of his guilt. /PA His trademark was attacking young mothers with children. Psychologists put the trait down to a childhood scarred by abuse and violence, but detectives say that Napper regarded women with children as more compliant victims. /PA Everyone agrees that there were numerous missed chances to stop him before he became a killer. /PA He left a trail of fingerprints, footprints, DNA and other traces that it took police years to identify. He was repeatedly stopped, questioned, arrested and even charged and jailed. One uniformed constable even noted that he seemed likely to be a rapist, but no detective seemed able to join the dots. /PA He was textbook material for forensic psychology, but when Paul Britton, the profiler working with the police, was asked if one man had killed Ms Nickell and Ms Bissett he dismissed the idea. "It was a completely different scenario," he said. /PA The reluctance to investigate Napper for the Nickell murder can be explained only by a belief, shared by the police, the psychologist and Crown Prosecution Service lawyers, that they already had their man. In their view Colin Stagg was guilty, so they ignored the material on Napper. /PA Robert Clive Napper was born on February 25, 1966, in a hospital in Erith, southeast London, the first son of Brian Napper, a driving instructor, and his wife Pauline. His childhood was spent in a violent home until his mother sued for divorce when he was 10. Her health deteriorated and her children spent periods in foster homes. At 12, Robert was sexually assaulted by a family friend on a camping trip. /PA As a teenager he was reticent and obsessive, characteristics now thought to be signs of Asperger syndrome. /PA After school he worked in manual jobs, leaving home aged 21 to live in a bedsit. In November 1989, Pauline Napper phoned Plumstead police station to say that her son was claiming to have raped a woman on Plumstead Common. Police told Mrs Napper that they could not trace the crime. Had they looked a little harder they would have discovered the unsolved case of a 30-year-old woman raped in her home by a masked man who tied her up and put a Stanley knife to her neck. Her children were downstairs. /PA Psychiatrists who have examined Napper believe that the beginning of his series of attacks coincided with the onset of paranoid schizophrenia. Natalie Pyszora, who supervises his treatment, says that Napper is delusional, believing grandiose things about his life while convinced that he is being persecuted. Napper believes that he has an MA in mathematics, a Nobel prize, medals for fighting in Angola and millions of pounds in a bank in Sidcup. He claims that his family is in Who's Who, that he could transmit thoughts telepathically and was kneecapped by the IRA. His fingers, he says, were blown off by a parcel bomb but grew back when he inhaled "sparkle fumes". /PA Professor Don Grubin, a forensic psychiatrist, said that the combination of schizophrenia with Asperger syndrome was a

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"particularly toxic" mix. /PA The ferocity of his attacks on women began to build. In March 1992 he attempted two knifepoint rapes then, on a Bank Holiday weekend that May, came an assault that stood out. A woman pushing her two-year-old daughter in her buggy had a rope thrown round her neck and was pulled to the ground, beaten, kicked and raped. /PA Less than two months later, Ms Nickell was killed. Police in that case drew no link to the Green Chain rapes. Their killer was felt to be someone who knew Wimbledon Common and attention focused on Mr Stagg, a loner who lived nearby. Under the guidance of Mr Britton, an attractive policewoman tried to seduce him into confessing with the promise of sex. Mr Stagg's eagerness to please Lizzie James, as the officer called herself, led to him being charged in August 1993. /PA A month after the killing Napper was interviewed over the Green Chain rapes. Police asked him to give a DNA sample but Napper twice failed to keep appointments. Police eliminated him from the inquiry because, at 6ft 2ins, he was taller than the man they thought they were looking for. /PA In October 1992 Napper was arrested when a search of his flat uncovered firearms, ammunition, knives and a crossbow. He was jailed for eight weeks. Officers did not note the significance of other material in his flat - diaries, hand-drawn maps and a London A-Z on which he had marked dots at points on the Green Chain walk and inside of which was a young woman's gym membership card. Her address had been circled on the map. The next April, children playing near Napper's flat dug up a tin inside which was a Mauser handgun. Napper's fingerprints were on the tin. /PA Napper was stopped by police in July 1993 after he was seen peering through the windows of a 24-year-old woman's flat. He told officers that he was "going for a walk" and was let go. One policeman wrote in his notebook: "Subject strange, abnormal, should be considered as a possible rapist, indecency type suspect." Instead of stepping up inquiries into Napper, however, police were considering Mr Stagg as a suspect for the Green Chain attacks. /PA Jim Sturman, QC, then Mr Stagg's junior defence counsel, recalled: "Colin was going to be pulled out of interview to go off for an ID parade for the Green Chain rapes because he was a close match to the photofit of the man suspected of committing those rapes. But almost as he was on his way the news came back that the DNA wasn't a match." /PA Then, on November 4, 1993, with Mr Stagg in custody, there was an attack with appalling similarities to the Nickell murder. Ms Bissett, a single mother, and her daughter were killed in their flat near Napper's home. /PA Ms Bissett's body was so badly mutilated that it put Mr Britton, the profiler, in mind of Jack the Ripper's murder of Mary Jane Kelly in 1888. But he remained adamant that despite the similarities between the Nickell and Bissett killings - attractive blonde women stabbed with their young children present - they were not the work of the same man. /PA Although his bloody finger and palm prints were all over the victims' flat, Napper was not arrested for the Bissett murders until May 1994. /PA A search of his home found a footprint made by an adidas Phantom basketball shoe (few of which had been sold in Britain) which matched a bloody mark in Ms Bissett's kitchen. More than a decade later, forensic scientists discovered that a similar shoeprint had been left at the scene of the Wimbledon Common killing. /PA A padlocked red toolbox was recovered but a decade would pass before the discovery that paint flecks from it had been left in Ms Nickell's son's hair when Napper flung him to the ground. Inside the box was another A-Z directory with potential attack locations marked. /PA For four months, from May to September 1994, Napper and Mr Stagg were both in custody. Sources say that there was unease among some prosecutors and police officers who felt the case against Mr Stagg was weak and wanted Napper examined as a suspect for the Nickell murder. /PA In Wimbledon a lock knife was found buried on the common. In southeast London, it was known that Napper liked to bury his weapons and had bought a knife of the same make. /PA But the threads were not examined together. The case against Stagg seemed unstoppable until it reached the Old Bailey, where Mr Justice Ognall condemned it as a gross attempt to incriminate. But only yesterday was the file closed on one of Britain's most horrific murders and one of the most shameful episodes of the Metropolitan Police. /PA { /S 897007634 /SO The Times /PD 19 December 2008 /PG 7 /SCT Home news /HD 'All the things any family hopes for are smashed';Victim 1;Rachel Nickell /BY Adam Fresco /TX /PA A successful part-time model, Rachel Nickell was building a happy life with her partner and their young son (Adam Fresco writes). /PA She had cut back on modelling to concentrate on life with Alex, 2, her boyfriend Andre Hanscombe and the couple's dog, Molly, which she would take for long walks near their home in Tooting, southwest London. /PA A keen swimmer, Ms Nickell would often visit the local leisure centre with her son while Mr Hanscombe, a semi-professional tennis player, took a job as a motorcycle courier in the City to support his young family. /PA The couple were regulars at an Italian restaurant near their home and were described by the manager as always appearing "close and in love". The destruction wrought by Napper on this family - and Ms Nickell's relatives - was total. In an impact statement read at the Old Bailey yesterday, Andrew Nickell, Rachel's father, said that everything he and his wife had hoped for in their future had been smashed. After the murder, Mr Hanscombe moved abroad with his son to start a new life - first to France, then northern Spain - and the couple do not see their grandson. /PA "The greatest loss is your

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future," Mr Nickell, 64, said in the statement. "All the things that any family hopes for and expects are completely smashed. There will be no daughter to talk to in our old age, no grand- children to love and admire. At a stroke all this has been removed. /PA "The next loss is your anonymity. Your life is trampled on by the media. You are gawked at in supermarkets. You are avoided by so-called friends who think some bad luck will rub off on them. /PA "Your son is devastated as he is very close to his sister. He avoids any close relationships because he fears losing someone else. Your mother, in her eighties, cries every day and wishes she had been taken instead. /PA "Your daughter's partner retreats into pain and blame without the guidance and love of your daughter. After a few years he moves abroad and later you are stopped from seeing your only grandson. /PA "You become ever more wary of strangers. You reveal nothing because they might be media or have contacts with the media. Copies of your phone bills are obtained and friends abroad ring up to try to discover where your grandson lives. /PA "You come out of a coma months/years later having lived through a period when you were not really conscious of what was going on but you keep on automatically breathing and eating. /PA "When you come to you gradually realise what you have lost." /PA Turning to Robert Napper across Court 1, he added: "To say that one man has destroyed our lives is too strong. But that one man has changed it for ever. You learn to accommodate these changes but the pain remains with you every minute of every day. /PA "Every day Rachel's name is mentioned, her photograph published or her home videos shown, everything comes flooding back. We hope the man who committed the crime will spend the rest of his life in prison. That is the sentence he has given us." /PA Outside the court, with his wife by his side, Mr Nickell said that this was the last interview they would do as they wanted to regain anonymity. /PA { /S 897007635 /SO The Times /PD 19 December 2008 /PG 8 /SCT Features /HD Any judge would do the same. The case against Colin Stagg was based on a single rotten plank;Commentary;Opinion;Factbox;Rachel Nickell /BY Sir Harry Ognall /TX /PA Robert Napper's guilty plea yesterday to the manslaughter of Rachel Nickell completes a remarkable legal circle. When Colin Stagg was charged with that same brutal killing I was the judge appointed to try a case that excited enormous media coverage. Before the trial in 1994 three things were apparent. /PA First, the police were faced with overwhelming pressure to identify the killer and establish a compelling case. Second, they were faced with a desperate lack of evidence of any quality against Mr Stagg - their exclusive candidate for the murder - let alone evidence sufficient to establish guilt beyond a reasonable doubt. Finally, it was obvious that the judge would need to be especially wary of the real risk that the jury might be swept along by the tide of widespread hostility to the accused and return a guilty verdict notwithstanding the absence of effective proof. /PA The second of those features led the police to set up the so-called honey trap, using an undercover policewoman to seduce Mr Stagg into a confession. It proved to be a fruitless initiative. The high-water mark of the material thereby obtained was a single comment by him that might, on one view, have been construed as betraying an awareness of details of the attack that could only have been known to the perpetrator. There was nothing else in the prosecution's locker. There was no identification, no scientific evidence, no circumstantial evidence and no subsequent incriminating behaviour. Neither was there DNA available either to implicate or to exonerate him. In the event, I ruled that the evidence derived from the entrapment should not go before the jury. It is a graphic measure of the frailty of the prosecution case that, bereft of the foothold offered to them by that rotten plank, they elected to drop their case, and Mr Stagg was acquitted. /PA Since then a campaign of innuendo has been mounted in sections of the press that has repeatedly invited the public to conclude that Mr Stagg had literally "got away with murder". The truth, of course, was that he had not got away with anything. He had been singled out because he was a soft target. His appearance, his lifestyle and the libidinous exchanges with the policewoman painted him in singularly unattractive colours. /PA The police closed their minds to any other possibility than that of his guilt. That cardinal error corrupted the whole of their investigation. They were wrong. I claim no special credit for ruling as I did. I am certain that any other judge in my position would have recognised that proof of guilt was simply not there. To leave the entrapment evidence to the jury would be to open the door to the wholly unacceptable risk that prejudice would replace proof. /PA There will no doubt be suggestions that there are obvious lessons to be learned from this 14-year saga. I am not so sure. Media hysteria, an embattled police force and the duty of a criminal trial judge to ensure inherent fairness of the process are not novel dimensions in the history of criminal justice. What is novel (or certainly extremely rare) is the emergence of conclusive proof that Mr Stagg was not exonerated on what has been repeatedly characterised as a "technicality", but on the uncontestable foundation of truth and innocence. /PA I conclude with two personal reflections. First and foremost, I profoundly hope that the final disposal of this case will help to bring a kind of closure to those who loved and cherished the vivacious young woman who was Rachel Nickell, and who have been denied justice for so many years. And I hope that I can now be confident that the vendetta pursued against me by certain newspapers in the aftermath of the trial in 1994 is now put to rest. /PA It is

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too much to expect an apology: arrogance is rarely supplanted by decency. But at least this week - and long into my retirement - I can now look back on R v Colin Stagg as "emotion recollected in tranquillity". With that, I am more than content. /PA THE KEY PLAYERS /PA Paul Britton The forensic psychologist who advised on the operation to secure Colin Stagg's conviction. He also worked on the Bissett murder but said in a book that the two killings could not have been by the same man. He is no longer on the police list of approved profilers /PA Keith Pedder The detective inspector who led the investigation. He left the Met in 1996 and was charged with corruption in 1998 for allegedly trying to get information from police computer. The case was thrown out. He is recuperating from serious illness /PA Lizzie James Pseudonym of the officer who tried in a series of explicit letters to get Mr Stagg to confess. She was awarded Pounds 125,000 for stress in 2001. She lives abroad and cannot be identified /PA an Johnston The most senior officer in the case became an assistant commissioner and is now in charge of British Transport Police. He conducted a review of the Met inquiry into Damian Green, MP /PA Dame Barbara Mills The Director of Public Prosecutions when the cases against Mr Stagg and Napper were being pursued. She is now the Adjudicator, handling tax complaints /PA Mr Justice Ognall He rejected the case against Mr Stagg. He has now retired but is a judicial member of the Proscribed Organisations Appeal Committee /PA { /S 897007636 /SO The Times /PD 19 December 2008 /PG 8 /SCT Features /HD Not quite Life on Mars, but professional?;Commentary;Opinion;Rachel Nickell /BY Sean O'Neill /TX /PA On Merseyside the police are congratulating themselves on a job well done. The investigation into the murder of Rhys Jones was one of that force's most difficult cases, but detectives secured the evidence and convictions that they needed. /PA In London the Metropolitan Police are reeling from having to make two public apologies in a week for disastrous operations. /PA Behind the contrast lie questions about the size of the two forces, their leadership and discipline. But the most important issue is the passage of time. /PA More than 16 years have passed since Rachel Nickell was killed as she walked on Wimbledon Common with her son and the family dog. Much has changed since then in the way that homicides are investigated, and it was the fallout from the Nickell case, and the ill-conceived pursuit of Colin Stagg, that drove those changes. /PA It was not quite Life on Mars, but the Nickell inquiry was run by former Flying Squad officers who knew more about big robberies than murders. /PA Today's murder detectives are a more professional cadre. In London, a dedicated command investigates all murders and linked sex offences that might throw up a serial killer. /PA In the early 1990s, offender profiling was considered cutting edge. That is no longer the case. Detectives still use the services of forensic psychologists, but not on word-of-mouth recommendations from old mates. There is a national list of what are now called "behavioural investigative advisers" and their input is strictly of intelligence, rather than evidential, worth. They no longer shape or direct the course of investigations. /PA Perhaps the most important change since 1992 has been the advance in DNA testing technology. Then, forensic scientists could achieve a profile only from a body fluid stain the size of a 50p piece. /PA The material that provided the 1 in 12 million DNA match that proved that Robert Napper was Rachel Nickell's killer amounted to nothing more than a few cells on a piece of adhesive tape. /PA Amid all the criticism, something should also be said for the persistence of the British copper. Despite the cock-ups and the embarrassment, the Met did not give up on finding Ms Nickell's killer. /PA { /S 897007637 /SO The Times /PD 19 December 2008 /PG 10 /SCT Overseas news /HD A new Da Vinci code? No, hidden Jesus was just a spot of practice by the master;Factbox /BY Adam Sage, Marei Tourres in Paris /TX /PA The mystery is set in the Louvre and the clues are hidden behind a 16th- century masterpiece by Leonardo da Vinci. Remind you of anything? /PA Lovers of Dan Brown novels will be salivating at the discovery of three previously unknown drawings on the back of one of Leonardo's major works. A curator spotted the sketches on the back of The Virgin and Child with Saint Anne when it was taken down in September for restoration. /PA Sylvain Laveissiere pointed out some grey marks that had previously been dismissed as stains. To him they resembled a horse's head and a human skull. /PA When the painting was photographed with an infra-red camera at the Centre for Research and Restoration of the Museums of France, he was proved right. On the wood on which the work was mounted was an 18cm by 10cm (7in by 4in) equine head and a 16.5cm by 10cm skull, complete with orbital and nasal cavities, jaw and teeth. The camera detected a third drawing, a 15cm-high infant Jesus with a lamb, which was invisible to the naked eye. /PA A spokeswoman for the Louvre said that the discovery was "amusing and moving". It is also mysterious, since the drawings appear to have gone unnoticed for 500 years. /PA "They were not meant to be kept," said Bruno Mottin, of the Louvre's art laboratory. "They had been largely wiped out, which explains why no one had spotted them until now." /PA The Louvre said there that was evidence to suggest that the sketches - in black stone or charcoal - were indeed by the great man. "We're being very careful," said Vincent Pomarede, head of paintings at the Louvre, "but what is troubling is the similarity with drawings that are already known." /PA The skull resembles those in Leon- ardo's other sketches, and the horse's head is

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reminiscent of those in The Battle of Anghiari - a lost masterpiece known only because it was copied. The baby Jesus appears to be a draft for the figure in The Virgin and Child with Saint Anne. /PA Mr Pomarede said that Leonardo may have used the back of the painting to practise on. /PA Jill Burke, an Italian Renaissance specialist at Edinburgh University, said: "It would be quite typical of his working style for him quickly to sketch out ideas that came into his head on whatever paper - or, in this case, panel - was to hand." /PA The Louvre said that it would carry out tests to try to confirm the identity of the author. /PA Although other art experts have suggested that one of Leonardo's many followers may have been responsible for the sketches, all agree that there is no material here for a Dan Brown sequel. Francis Ames-Lewis, an art historian and vice-president of the Leonardo da Vinci Society, said it was a myth that the artist included coded messages in his works. /PA The Virgin and Child with Saint Anne has been accompanied by mystery before, however. Leonardo brought it to France with the Mona Lisa, when he joined the court of Francis I in about 1516. /PA Mr Franck said: "We don't look at the backs of paintings enough." /PA

CODES AND CONSPIRACIES /PA

- * The discovery of sketches behind The Virgin and Child with Saint Anne, right, may give ammunition to those who believe that Leonardo da Vinci planted codes and religious symbols in many of his paintings /PA
- * The Da Vinci Code is based on a theory that the figure on Christ's right in The Last Supper is not the Apostle John but Mary Magdalene. It claims that Jesus and Mary married and have descendants alive today /PA
- * According to the theory the Holy Grail is not an object, but Mary, the "sacred feminine" and carrier of the bloodline of Christ. The location of the grail is her resting place /PA
- * In 2007 Slavisa Pesci, an amateur scholar, said that by superimposing The Last Supper with its mirror image one could create another picture containing a figure who looks like a Templar knight /PA
- * A computer technician claimed to have found musical notes encoded in The Last Supper. Each loaf of bread was said to represent a note, creating a 40 second "requiem-like" composition /PA

Sources: AP, bbc.co.uk, Times archives /PA { /S 897007638 /SO The Times /PD 19 December 2008 /PG 10 /SCT Home news /HD BBC fined for phone-ins no one could win /BY Patrick Foster, Media Correspondent /TX /PA

The BBC has been fined Pounds 95,000 for faking phone-in competitions and accused by Ofcom of holding back information from its investigations. /PA The regulator said that there had been deliberate breaches of broadcasting rules in radio shows hosted by Dermot O'Leary and Tony Blackburn. Phone-in competitions were broadcast in prerecorded programmes as if they were live but entrants could not win. /PA In July the BBC was fined Pounds 400,000 over other phone-in deceptions. Yesterday's judgment disclosed that it had not immediately admitted to the previous breaches of broadcasting rules in O'Leary's Radio 2 show, or Blackburn's programme on BBC London 94.9, because it thought them "less serious instances". /PA Ofcom said that it was "a matter of serious concern" that the BBC "had taken a decision to judge the seriousness of the case, despite knowing at the time that it involved breaches of the code, with which the broadcaster has a statutory obligation to comply". /PA

The programmes involved production staff contacting members of the public who had previously had correspondence with the shows, asking them to enter prerecorded contests. /PA Eight editions of O'Leary's show in 2006 featured prerecorded contests that listeners could not enter, for which the BBC was fined Pounds 70,000. Blackburn's BBC London show, also on a Saturday afternoon, featured five similar occurrences between December 2005 and December 2006, incurring a Pounds 25,000 fine. /PA The regulator said: "Ofcom was very concerned by the repeated, pre-meditated and deliberate decisions to include competitions in prerecorded programmes broadcast 'as live'. The code breaches constituted a significant breakdown in the relationship of trust between a long-established public service broadcaster and its audience." /PA Both shows must broadcast an apology tomorrow, the BBC Trust ruled. The BBC said: "We welcome Ofcom's recognition of the action taken to address these issues and that neither the BBC nor any member of staff made any money from these lapses." /PA { /S 897007639 /SO The Times /PD 19 December 2008 /PG 11 /SCT Home news /HD Christmas likely to be white with frost under a blue sky /BY Paul Simons /TX /PA

There is disappointing news for anyone hoping for a white Christmas - the latest computer-generated weather forecasts point to a Christmas Day without snow. /PA After the coldest start to December for more than 30 years, and with snowfall seen in many parts of Britain as early as October, the bookmakers could reap the dividends after taking a record number of bets on a white Christmas. Because of the cold snap, the odds for snow falling on Christmas Day in London were reduced to 4/1. A British white Christmas, though, is a rare event, having occurred only ten times since 1900. /PA A sustained dry spell is forecast over the next week because of high pressure. A strong high-pressure system blocks depressions, forcing the accompanying wet and windy weather to make a "detour", so there could be clear skies over much of Britain on Christmas Day. Temperatures will depend on where the centre of the anti-cyclone is anchored - indications are that it might drift northwards and sweep in cold, dry air from Europe. /PA With clear skies, it is possible that frost and fog may follow a freezing Christmas Eve night and, first thing in the morning on December 25, it could almost

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resemble snowfall. /PA But all is not lost. The bookmakers' definition of a white Christmas is for a single snowflake to fall anytime within the 24-hour Christmas Day period at a specific location. This year, in London, it will be Buckingham Palace. /PA In rare circumstances, snow can fall from a clear blue sky. This is most likely to happen in the Arctic or Antarctic, where moisture in the air is frozen into fine crystals of ice that resemble tiny diamonds, or snowflakes, known as "diamond dust". The phenomenon occurred this February during bitterly cold weather in various parts of England. /PA For those interested in more outlandish weather phenomena, William Hill is offering odds of 100/1 for the River Thames to freeze over between Westminster Bridge and Tower Bridge in London, although this has not happened since 1814. /PA In the future, it seems that a white Christmas will become even more of a dream. According to climate predictions, the chances of snowfall at Christmas in Britain will drop by up to 65 per cent by 2050, as the winters become milder. /PA { /S 897007640 /SO The Times /PD 19 December 2008 /PG 11 /SCT Home news /HD Thousands prepare for their longest break in years /BY Alexi Mostrous /TX /PA The longest Christmas break for 16 years begins in earnest today as the recession forces tens of thousands of workers to take a holiday lasting up to a month. /PA Many will not return to work until January 19 after their employers shut down for an extended break. Thousands of workers at car companies such as Ford, Aston Martin and Vauxhall have already been sent home after their plants were temporarily closed to save money. /PA The Federation of Small Businesses told The Times that "more members than ever" were closing for at least a fortnight, between December 22 and January 5. /PA "We estimate that around half a million small businesses will close during this period because of the financial situation, many for longer periods," said Stephen Alambritis, a federation official. "It's the longest break taken by our members since 1992, if not before." /PA For those heading to airports and on to the road and rail networks, the extended break will be welcomed with congestion expected to be much lower than in previous years as holiday-makers stagger their journeys over a longer period. As Christmas Day falls on a Thursday this year, people also have the option of travelling early next week as well as over the weekend. /PA The deepening economic gloom will also alleviate traffic with thousands expected to stay at home to save money. One fifth of those who travelled by car last Christmas said they would stay put this year, an AA survey found. For the 18 million drivers who motoring organisations predict will take to the roads this weekend, the prospect is of 58 sets of roadworks across the country, including on the busy stretch of the M1 through Hertfordshire and Bedfordshire and on the M6 near Birmingham. The AA said that it expects possible delays on the M1, A1, M6, M23 and M42, adding that Monday is expected to be the busiest day for drivers. /PA Train travellers - some 22 million rail journeys are forecast for this weekend - are likely to face fewer problems than last Christmas when engineering work on the West Coast Main Line caused havoc to journeys. The Association of Train Operating Companies said that delays this Christmas are expected to be minimal. "Overall, engineering work is much, much less than last year and therefore fewer people will be disrupted," an official said. /PA "Passenger numbers are slightly up but demand between Christmas and new year will be very low." /PA About 1.3 million Britons are leaving the country this weekend, with more than 600,000 flying out from Heathrow. Passenger numbers at Heathrow will spike this weekend but the busiest day for all airports over the Christmas period is likely to be December 27, the Association of British Travel Agents said. Some 400,000 travellers will fly then, mainly to Paris, Amsterdam, Madrid, Dublin, Athens and New York. /PA Abta, the travel agency association, said that more than two million Britons would fly out before Christmas, with 1.1 million leaving from Heathrow, 500,000 from Gatwick, 250,000 from Stansted and 200,000 from Glasgow. About 290,000 will fly from Manchester, 250,000 from Luton and 28,000 from Leeds Bradford. /PA Eurostar will be handling more than 420,000 passengers from tomorrow until January 5. /PA { /S 897007641 /SO The Times /PD 19 December 2008 /PG 13 /SCT Home news /HD Dear Deidre, I talk about relationships with agony aunts. What can I do next?;Factbox /BY Jack Malvern /TX /PA Watching a group of agony aunts staring up at him yesterday morning, Ed Balls may have been reminded of the scene in one of the Jurassic Park films in which a big-game hunter is torn apart by tiny dinosaurs. /PA The Secretary of State for Children, Schools and Families displayed admirable calm as he hosted a "relationship summit" attended by eight of the nation's agony aunts and uncles. He was not always so relaxed. /PA Deidre Sanders, who writes the "Dear Deidre" column in The Sun newspaper, remembered that he had been more rattled when they paid their first visit to Whitehall in October to discuss government policy on parental conflict. "He took it on the chin," she said. "He clearly found it exhilarating, but he did find it quite daunting. If you're a secretary of state and you're used to people being quiet when you talk then it would be difficult if you have lots of people butting in and talking over you." /PA The agony writers, fearing that they would receive a brush-off, had come prepared. "Before the meeting we were all in a bar down the road, plotting. What were we going to say if he said 'no' to such and such a question? How were we going to react? But we were met with a very open door." /PA The introduction of agony aunts to politics began with

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a letter to The Times in June last year in which 30 representatives of relationship charities lamented the inadequacy of government policy towards parents going through separations. "Little is done directly to assist with the emotional and relational fallout, or to reduce parental conflict that can be so damaging to children," they wrote. /PA The subject was picked up by Newsround, the BBC news bulletin for children, which received more e-mails about it than any other report except for one about Harry Potter. /PA Sanders, who receives more than 1,000 letters a day from anguished readers, was approached to help to guide government policy. She decided to ask 30 agony aunts currently working for British publications to join her, most of whom were delighted to help. She told the summit that about a third of her e-mails from teenagers were about the problems their parents were causing them. She recounted the story of a 16-year-old girl who wrote to her this month about her father. He was a drug addict who left without saying goodbye. /PA The girl wrote: "I've cried myself to sleep every night since. I feel so angry with my dad that he could do that to us. I love him so much but all he does is hurt me all the time. I've suffered from self-harming in the past and now I feel like it's the only way to release the pain. I feel so lost and empty inside. I must have done something terrible to make my dad walk away." /PA Sanders collaborated with three other agony aunts to write Kids in the Middle, a booklet offering advice to parents and children affected by a break-up. Mr Balls announced more than Pounds 10million of funding yesterday to help charities to develop programmes to support families that are in danger of tearing themselves apart. He told the summit: "Too often in the past we have focused on supporting adults when they are breaking up but we have not thought enough about the impact on children. When I met with agony aunts last month I heard from them how every day they deal with the heartache that separation can cause in children and adults. Together we are pioneering a new approach." /PA Official figures show three million of the Britain's 12 million children will see their parents separate during their childhood. /PA Sanders said that she was surprised but grateful that agony aunts had been invited to share their expertise. "When (Mr Balls) said, 'We'll have an agony aunt summit' all the agony aunts looked very pleased, but his civil servants flinched. I have been impressed by their speed and energy on this." /PA

PROBLEM SOLVING /PA The latest questions put to the aunts: /PA Denise Robertson /PA (This Morning, pictured right) /PA How can I beat my depression? /PA Zelda West-Meads /PA (The Mail on Sunday, YOU magazine) My partner has two lovers and another house /PA Lesley Garner /PA (The Daily Telegraph) My high-flying career has gone off the rails since I fell in love /PA Deidre Sanders (The Sun) I'm sleeping with fella's nephew /PA Susan Quilliam (That's Life and others) Will my mastectomy put men off? /PA Philip Hodson (Women and Home) /PA Why do so many public men throw away careers for sex? /PA Linda Blair (The Guardian) How do I leave my husband painlessly? /PA Suzie Hayman (Channel 4 and others) How can parents and young people navigate their often irreconcilable differences? /PA { /S 897007642 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Carla Bruni-Sarkozy;Postscript;People /BY Adam Sherwin /TX /PA A French court has awarded Carla Bruni-Sarkozy 40,000 euros (Pounds 38,000) in damages from a company that sold shoulder bags emblazoned with a nude picture of her. The image, taken in 1993 when she was a professional model, was emblazoned across Pardon bags. Nicolas Sarkozy has brought legal actions against a voodoo doll, a Ryanair advertisement and T-shirts that were "an affront to the President". Busy couple, aren't they? /PA { /S 897007643 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Jeremy Clarkson;Postscript;People /BY Adam Sherwin /TX /PA Surprisingly, for such a confirmed gas guzzler, Jeremy Clarkson is not for giving the UK car industry a bailout. "Around 850,000 people in this country work for the car industry," he told Simon Mayo on BBC Radio 5 Live. "But look at the retail sector, look at the call centres, look at insurance, look at banking, each one of them employs hundreds of thousands of people. Can the Government bail every single industry out? The simple answer is no." /PA { /S 897007644 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Jonathan Ross;Postscript;People /BY Adam Sherwin /TX /PA At least Jonathan Ross now has more time to devote to the annual Christmas lights battle in Hampstead Garden Suburb. Nick Robeson, the BBC man's neighbour, has a secret weapon. "Jonathan's gone for more of the same. I've got an 8ft bear and its cub as well as lights across the house and hedges. Already this year people are putting chocolates through the door thanking us." /PA { /S 897007645 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Levi Roots;People /BY Adam Sherwin /TX /PA Levi Roots, the Reggae Reggae Sauce creator, who emerged from the Dragons' Den with a Pounds 50,000 investment, has now secured his own BBC Two series. Roots will draw on his Jamaican heritage for Caribbean Food Made Easy. With Nigella, Chinese Food Made Easy et al, why not just call the channel BBC Food? /PA { /S 897007646 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Rod Stewart;People /BY Adam Sherwin /TX /PA (Photograph) - GOTCHA IMAGES /PA Rod Stewart is resigned to his fate this Christmas. Unable to choose a gift for his wife Penny Lancaster himself, he faces the penalty of intensive shoe shopping - in his case at the Sloane Square Prada. /PA

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The old Rod would have been trying to drink champagne out of this particular slingback. /PA { /S 897007647 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Simon Callow;People /BY Adam Sherwin /TX /PA You won't find Simon Callow being laid low by mercury. The thespian, currently starring in panto at Richmond upon Thames, says: "I'm playing Hook 16 times a week, seven days a week - show me a Shakespearean actor who appears on stage that many times a week!" Well, not David Tennant right now. /PA { /S 897007648 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Tessa Jowell;People /BY Adam Sherwin /TX /PA We hope Tessa Jowell found time to attend the Dulwich College carol service, held in her constituency, shortly after the Olympics Minister gloomily predicted the longest recession in living memory. The St Barnabas Church compere announced a late change to the programme: "Due to illness, Benjamin Britten's Recession will not be performed. So there will be no recession in Dulwich." Apparently the resulting cheer could be heard across South London. /PA { /S 897007649 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD Today 'rottweiler' has royal blood in his sights;People /BY Adam Sherwin /TX /PA John Humphrys has given Q a full debriefing over his contacts with senior spooks. Just how much did the Today man know about the "dodgy dossier" on Iraq's weapons of mass destruction, which sent the BBC top brass into meltdown? /PA "I did have a conversation over lunch with the head of MI6 at the time (Sir Richard Dearlove)," he told Q - the music magazine, not James Bond's gadget guru. "I knew what he thought, or what I think he thought (that the threat had been exaggerated)." Humphrys startled John Reid, then the Leader of the House, when he made use of his inside knowledge in a 2002 grilling. /PA "I used it in the interview because I thought he was pulling the wool over my eyes and more importantly over the listeners' eyes." /PA Ed Stourton is leaving but the "rottweiler" has a new target in his sights. "The one I want is the Queen." Would he stick the boot in if she were evasive? "Of course I would. I'd try, 'Come off it, ma'am!' /PA I'd be politely persistent. You cannot have different standards for men and women." /PA Her Majesty might prefer Stourton's more gentle touch. /PA { /S 897007650 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD David Mamet;People /BY Adam Sherwin /TX /PA David Mamet is the wrong man to let down in the middle of a hit Broadway run. Jeremy Piven, the award-winning star of Entourage, pulled out of a revival of the showbusiness satire Speed-the-Plow, citing a "high mercury count". Doctors said that the actor had to leave the production, which has been taking more than \$500,000 (Pounds 322,000) a week. The acerbic playwright's sympathetic response? "My understanding is that he is leaving showbusiness to pursue a career as a thermometer," he told Daily Variety. /PA { /S 897007651 /SO The Times /PD 19 December 2008 /PG 15 /SCT Features /HD In a spin over dancing crown;The Face;Rachel Stevens;People /BY Adam Sherwin /TX /PA She was known as the porcelain face and glossy locks of S Club 7, if not a lot else. Now Stevens, 30, has tangoed her way into BBC One's hottest slot, tomorrow night's Strictly Come Dancing final - and she is favourite to win. /PA Born to a middle-class Jewish family in Southgate, North London, Stevens joined S Club 7 aged 19, but she found limited success with a subsequent solo career. /PA Now dancing steamily alongside Vincent Simone in a series rife with controversy, Stevens is finally back in the limelight. Did Stevens, who had dance tuition with S Club 7, enjoy an unfair advantage in the contest? /PA "Absolutely not. I've never trained to do this before and if anything it was more difficult for me because of people's expectations," she said. "Sure, I've performed on stage before but that's totally different from ballroom dancing. I had to master the technicalities like learning to spin, so we were all on a level playing field." Her fans will be pleased to hear that the BBC denied rumours of an accident during training this week and said Stevens will "absolutely be dancing on Saturday". /PA { /S 897007652 /SO The Times /PD 19 December 2008 /PG 17 /SCT Home news /HD Diaries in invisible ink help to convict British Muslim intent on mass murder;Factbox /BY Russell Jenkins /TX /PA A British Muslim described by police as an al-Qaeda mastermind who considered mass murder to be part of his duty became the first person to be convicted of the charge of directing terrorism yesterday. /PA Rangzieb Ahmed, 33, was part of a three-man cell on an unknown terrorist operation in Dubai and Saudi Arabia in December 2005 that was aborted. He was regarded as so important that a second man, Habib Ahmed, 28, was recruited to carry on his behalf incriminating documents in invisible ink that amounted to a "terrorist's contacts book". Among the names and numbers in the three books was that of Hamza Rabia, No 3 in al-Qaeda's chain of command. /PA Rangzieb Ahmed, of Rochdale, was convicted at Manchester Crown Court of directing terrorism - an offence introduced by the Terrorism Act 2000 - after an 11-week trial. /PA Habib Ahmed, a Manchester taxi driver who is unrelated to Rangzieb Ahmed, was found guilty of being an al-Qaeda member but cleared of attending a terrorist training camp in Pakistan in 2006. Mehreen Haji, 28, Habib Ahmed's wife, was cleared of arranging funding for terrorism. /PA Senior officers of Greater Manchester Police's counter-terrorism unit claim that their three-year investigation into the terrorist cell was instrumental in disrupting and destabilising the senior levels of al-Qaeda. /PA Rangzieb Ahmed travelled to Dubai from Pakistan via China in December 2005 and

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was due to fly on to South Africa as part of a "major activity", but the plans went awry when a third man, Hamza Rabia, was blown up. /PA Counter-terrorism officers from Greater Manchester Police were monitoring the two Ahmeds and bugged their hotel room in Dubai, where they made several coded references to al-Qaeda. The surveillance continued in Manchester. /PA Rangzieb Ahmed, who admitted belonging to the proscribed Harakat-ul Mujahideen, flew to Pakistan in January 2006 and was arrested there. This forced the hand of counter-terrorism officers in England, who arrested Habib Ahmed before he could flee. /PA Two of the invisible-ink diaries were discovered at Habib Ahmed's home. The third has never been recovered. They appeared to be blank but contained names, phone numbers and e-mail addresses of key al-Qaeda figures. /PA The two men are due to be sentenced today. Before the trial the judge, Mr Justice Saunders, rejected an application by the defence team that the case should be thrown out because British intelligence services had colluded in Rangzieb's torture while he was detained in Pakistan. Rangzieb claimed that he was beaten, had three fingernails ripped off with pliers and was incarcerated without trial for 13 months before being flown illegally to England. /PA He alleged that while he was kept blindfolded, hooded, manacled and shackled his torturers were supplied with questions by MI5, two of whose agents also questioned him. /PA The judge suggested that the removal of the fingernails dated to Rangzieb's earlier detention in India. /PA After the hearing Detective Chief Superintendent Tony Porter, of GMP's counter-terrorism unit, said: "Rangzieb Ahmed consorts with senior terrorist figures and has devoted his life to creating and working with terrorist networks. We believe he was intent on masterminding terrorist attacks and would have considered mass murder part of his duty." /PA DIRECTING TERRORISM /PA This case is the first time that the charge of directing terrorism has been used since the Terrorism Act /PA came into force in 2000 /PA Source: Times database /PA { /S 897007653 /SO The Times /PD 19 December 2008 /PG 17 /SCT Home news /HD In court today /BY /TX /PA Old Bailey /PA Tennyson Obih is due to appear in connection with the alleged murder of Jon Henry, a Luton police officer. PC Henry was stabbed after responding to reports of an assault in the town centre. Mr Obih is charged with murder, two counts of attempted murder and aggravated burglary. /PA Court 9 /PA Lee Black, 31, is expected to be sentenced after pleading guilty to charges of manslaughter and arson after an explosion at a tattoo parlour where he /PA worked in Enfield, North /PA London, in August 2007. /PA High Court /PA Judgment expected to be announced in a case in which Lady Anne-Marie Judge is seeking to increase the multimillion-pound divorce payout she received from her former husband, Sir Paul Judge. /PA Court 1 /PA Two Iraqis, who are accused of killing British soldiers in Iraq, /PA will challenge moves to hand them over to the authorities /PA in Basra. /PA Court 16 /PA Judgment is expected in a test case between Wigan Athletic Football Club and Greater Manchester Police about who should foot the cost of policing Wigan matches. /PA { /S 897007654 /SO The Times /PD 19 December 2008 /PG 18 /SCT Home news /HD Fears rise over economy as borrowing hits record high;The Economy /BY Gary Duncan, Economics Editor /TX /PA The Treasury suffered a record Pounds 16billion plunge into the red last month as the recession hit tax revenues. /PA The news came as the pound fell to a low against the euro, and the rapidly worsening state of the Government's finances added to anxieties about Britain's long-term prospects. /PA Sterling's latest losses left the pound worth as little as Euro 1.0541 as it fell closer to parity with the single currency. /PA The economic downturn undercut receipts of income tax, national insurance, VAT, stamp duty and company and capital gains taxes while driving up benefit costs as unemployment has risen. The number of people claiming unemployment benefit rose by 75,700 this week to 1.07million. The widening gap between tax revenues and increased spending last month led Alistair Darling to borrow Pounds 16billion to plug the gap. This was almost double the amount borrowed in the same month last year, and the highest since monthly records began in their present form in 1993. /PA It is only weeks since expectations of a deep recession next year forced the Chancellor to raise his forecast for borrowing this financial year to Pounds 77.6billion, from the Pounds 42.5billion projection in his March Budget. Mr Darling also raised his borrowing expectations for 2009-10 further, to Pounds 118billion, or 8 per cent of national income. /PA Yesterday's worse-than-expected figures for November led economists to suggest that the Chancellor may be forced to raise his borrowing to a level not seen in modern times. "While alarmingly high, the Government deficit projections in November's Pre-Budget Report are already looking too low as the recession looks certain to be significantly deeper and longer than the Government has forecast," Howard Archer, chief UK economist at IHS Global Insight, a consultancy, said. /PA Mr Darling has conceded that the economy will shrink next year by up to 1.25 per cent, but is pinning his hopes on a robust recovery in 2010, with predicted growth of between 1.5 per cent and 2 per cent. Many analysts fear that the economy will contract by 2 per cent or more next year, followed by a weak revival in 2010, with growth of less than 1 per cent. /PA John Hawksworth, of PricewaterhouseCoopers, the accounting group, predicted yesterday that the Chan- cellor would have to borrow Pounds 82billion - 5.6 per cent of GDP - in

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2009-10. This would climb to Pounds 130 billion in 2010-11, equivalent to 8.9 per cent of GDP, taking borrowing above the 8.1 per cent reached in 1974-75, when Denis Healey was Chancellor. /PA The scale of the mounting stresses on government finances was evident in the detail of yesterday's dire figures. /PA Tax receipts from companies and individuals last month fell 5.2 per cent compared with the same time last year. That compares with Mr Darling's forecast for tax revenues to drop by only 0.6 per cent in 2008-09 as a whole, and by 3 per cent in the second half of the financial year. /PA VAT payments fell 5.1 per cent compared with November last year. Even after last month's cut in VAT to 15 per cent, Mr Darling is predicting a fall of only 0.4 per cent in VAT revenues for the period from last month to March. /PA While Mr Darling's tax revenues wilt, government spending continues to grow, driven by rising welfare bills. Total spending, excluding capital projects such as building roads, hospitals and schools, rose 6.2 per cent last month, while social security spending was up 7.1 per cent. /PA "The public finances look pretty awful," said Vicky Redwood, of Capital Economics. "It's just worrying that they are that bad this early on in the recession." /PA The Government's financial state is aggravating a sharp sell-off of the pound as market concern grows over Britain's worsening economic predicament. Yesterday the pound dropped by another 2 euro cents from its closing value on Wednesday to hit Euro 1.0541, leaving the euro worth a record 94.86p at one point. /PA The pound also surrendered some of its gains registered against the dollar this week, shedding 0.9 cents to close in London at \$1.5339, leaving the trade-weighted index of sterling's overall value close to a record low at 76.7. /PA { /S 897007655 /SO The Times /PD 19 December 2008 /PG 19 /SCT Home news /HD Repossessions will reach 75,000 next year, lenders warn; Factbox; The Economy /BY Francesca Steele /TX /PA Mortgage lenders said yesterday that 75,000 people could lose their homes next year, despite government measures intended to prevent the number of repossessions. /PA The Council of Mortgage Lenders (CML) has forecast that repossessions will reach 45,000 this year and rise by 67 per cent in 2009. In the last recession in the early Nineties, repossessions peaked at 75,500 in 1991. /PA The number of people expected to fall behind with their mortgage payments is also expected to at least double. About 500,000 people are expected to fall at least three months in arrears, compared with 210,000 this year. /PA Government figures released yesterday showed that the number of people claiming unemployment benefit passed one million for the first time in eight years, after rising by 75,700 to 1.07 million last month. /PA Margaret Beckett, the Housing Minister, said: "We are determined to do everything possible to provide real help to homeowners who may face difficulties during the downturn, and that means doing all we can to ensure repossession is always a last resort. We have already introduced a Pounds 200 million mortgage rescue scheme to help vulnerable families remain in their homes, expanded free debt and legal advice, and are working urgently on the recently announced new support to help hard-working households if they suffer a loss of income." /PA The Homeowner Mortgage Support Scheme offers homeowners with a temporary loss of income the chance to defer interest payments for up to two years if they have a mortgage of Pounds 400,000 or less. /PA Sarah Teather, the Liberal Democrat housing spokeswoman, described the moves as inadequate. "So far the Government has only taken action to help a few people. With tens of thousands of families set to lose their homes, ministers must act urgently to protect them," she said. /PA The homeless charity Shelter said that with a million more mortgages held now than in the previous recession, the number of repossessions could increase. It described the initiatives as "too little too late". /PA The charity said that the number of viewings of the repossessions advice pages on its website had increased by 54 per cent in the past year. There was a 167 per cent increase in calls about arrears and repossessions over the past six months, compared with the same period last year. /PA Melanie Bien, of the mortgage broker Savills Private Finance, said: "The most recent rescue package will only help about 9,000 people. Most mortgage holidays and payment plan restructuring is still organised on a case-by-case basis, so if you have missed payments in the past or you aren't likely to regain employment in the next few months, there is very little you can do. Banks must be clear about what their repossession policies are so that borrowers can negotiate in advance." /PA The Royal Bank of Scotland and Northern Rock have agreed to give borrowers at least six months before initiating repossession proceedings. /PA Mortgage lending fell by 51 per cent in November, compared with the same period last year, according to the CML. Gross lending fell to Pounds 14.6 billion in November, down 22 per cent from October. Michael Coogan, the director-general of the CML, said that net mortgage lending - the difference between money lent to new homeowners and repayments from existing homeowners - is likely to drop below Pounds 25 billion. /PA NO HOME TO GO TO /PA 2005 14,600 /PA 2006 20,900 /PA 2007 26,200 /PA 2008 45,000 /PA 2009 75,000 /PA Source: Council of Mortgage Lenders /PA { /S 897007656 /SO The Times /PD 19 December 2008 /PG 19 /SCT Features /HD Hallelujah for a year that's been more of a turkey than a cracker; Political Sketch; The Economy /BY Ann Treneman /TX /PA It is time for some Christmas cheer, for it was the last day of the parliamentary term. I would like to join in the national mood and do

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my own rendition of Hallelujah, the Leonard Cohen song heading for the No 1 slot. But, frankly, it hasn't been much of a Hallelujah year in politics and, besides, I am told by Laughing Len experts that the song is really all about sex. /PA So instead I bring you an updated version of the 12 Days of Christmas that I've had to retitle, since we are all Keynesians now, as the 12 Days of Xcess. I am not sure that Gordon Brown will really want to be singing it as he unwraps a new moral compass (he gets one every year for obvious reasons). Nor, perhaps David Cameron, whose Christmas will most probably be broadcast live on YouTube. And what about Nick Clegg? I couldn't say, but then no one really cares anymore what the Lib Dems do. /PA So here goes. On the First Day of Xcess my true love gave to me: /PA - A Prudence in a pear-shaped tree. This may sound odd (you try rhyming something with partridge) but this was the year that Gordon ditched her for good and, indeed, banned her from No 10. /PA Then, if you fill in the day, I'll fill in the "present": /PA - Two turn-turtle doves. It's tough work being a dove of peace in the new world order. Yesterday Gordon Brown announced, not for the first time, that we are coming out of Iraq. The doves fear that what that means is that they'll get back to Heathrow only to turn straight round and fly off to Afghanistan. /PA - Three French Euro-hens. We are getting to the point where nothing sensible about Europe is ever said in the Commons but everyone, at least, still hates the French (though not Carla). /PA - Four Darling birds. Opinions vary on what kind of bird: the Tories say that they are vultures circling above, while Labour sees happy little chickadees bringing news of an economic renewal. Or, of course, they could just be turkeys voting for Xcess. /PA - Five gold rings. This refers to the Olympic rings and the price of gold, which hit \$1,000 an ounce in March. (The average price per ounce that Gordon Brown received when he sold our gold from 1999 to 2002 was \$275.60.) - Six geese a-laying. The Prime Minister has ordered them to start producing golden eggs, large ones, for the election. /PA - Seven yachts a-cruisin'. Will George Osborne ever recover from that Bullingdon Club photo? The Shadow Chancellor may be holidaying on land from now on. /PA - Eight banks a-milkin'. Whom are they milking? That would be us, at least at the moment. /PA - Nine votes a-dancing. They belonged to the DUP and they saved Gordon Brown on the vote on 42 days' detention, a policy that has since been dropped. /PA - Ten lords a-leaping. Why? To please Lord Mandy, of course, a man who, we now know, was born to wear ermine. /PA - Eleven polls a-plunging. For the Tories that is. It seems that the worse it gets, the more we love Gordon. But can it last? /PA - Twelve whips a-whipping. Nick Brown and his whippettes have instilled new discipline in Labour ranks. When the going gets tough, the tough get whipped. Rebels will think twice now. /PA So farewell, then, politics 2008. As Gordon would say: Merry Xmas to all and, remember, spend, spend, spend. We need that fiscal stimulus. /PA { /S 897007657 /SO The Times /PD 19 December 2008 /PG 18 /SCT Features /HD Parity with the single currency a matter of time;Analysis;The Economy /BY Ian King /TX /PA The public finance figures released yesterday are truly, jaw-droppingly, awful. /PA First, the deterioration in tax receipts highlights just how fast the economic slowdown has been, with income and corporation tax receipts both down on November last year. It was the first time since 2003 that tax receipts have been down, year on year, for two consecutive months. /PA That will only get worse as the recession - already set to be the nastiest since 1980-81 - deepens. Receipts from stamp duty have all but vanished because of the collapse in the housing market, while income and corporation tax receipts will carry on falling. /PA VAT receipts, meanwhile, are also likely to fall sharply after Alistair Darling's decision to cut rates in the Pre-Budget Report. That only came into effect on December 1 and so, of course, had no bearing on the November figures. These, by the way, were down 15 per cent, year on year, contradicting yesterday's scarcely believable claim from the Office for National Statistics that retail sales actually rose during the month. At the same time, government spending is going in completely the wrong direction, with rising unemployment pushing up welfare payments. /PA Second, while not altogether a surprise, it is still a shock to learn that public sector borrowing hit Pounds 16billion last month. That is a new all time high for a single month and suggests the Treasury's target of borrowing a total of Pounds 78billion this financial year - made, remember, less than four weeks ago - is already hopelessly out of date. With four months of the financial year still to go, borrowing already stands at Pounds 56.1billion. At least one City economist now suggests that total borrowing will hit Pounds 90billion this year. /PA Third, the public sector net debt now stands at Pounds 650billion, equivalent to 44.2 per cent of Britain's annual economic output. Had Mr Darling not so publicly repudiated his predecessor's "golden rule", that this measure should not top 40 per cent, he would certainly be having to now - although, in fairness to the Chancellor, the limit has only been busted by virtue of having to rescue Northern Rock. /PA With this unpromising backdrop, and Charlie Bean, the Bank of England deputy governor, hinting at zero interest rates here, it was scarcely surprising that sterling fell for a ninth consecutive day against the euro yesterday. Parity with the single currency looks a matter of time. /PA { /S 897007658 /SO The Times /PD 19 December 2008 /PG 23 /SCT Home news /HD Glimpse of the future alters the odds on who's Who /BY Patrick Foster, Media Correspondent /TX /PA The mystery

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over who will replace David Tennant as Doctor Who deepened yesterday when the BBC gave the first screening of the show's Christmas special and swore all those who saw it to secrecy. /PA The corporation said months ago that the hour-long episode, which will be screened at 6pm on Christmas Day, would be called The Next Doctor and that it would feature David Morrissey as a new timelord - prompting the bookmakers to make him favourite to replace Tennant. /PA But yesterday, at a preview for invited guests, Jane Tranter, the Controller of BBC Fiction, begged those who saw the special not to reveal anything in it that would give away Tennant's successor. /PA Referring to Morrissey's role as a timelord, she said: "For the next 60 minutes you can make of that what you like. You have got to promise not to tell anyone else what to make of that either. You would spoil the surprise." /PA Russell T. Davies, the creative force behind the regeneration of the series, was more forthright. Speaking to reporters after the screening, he said: "Don't spoil it, all of you. Or you can f*** off." /PA An hour later William Hill had replaced Morrissey as favourite to become Tennant's permanent successor. Paterson Joseph, best known for his role as Mark Corrigan's boss Johnson in the Channel 4 cult comedy Peep Show, is now favourite to land the part after speculation that the BBC may favour a black actor. /PA In the special, set in Victorian-era Britain, Tennant teams up with Morrissey to fight the evil Cybermen, led by Dervla Kirwan. /PA Tennant, who has been sidelined from his West End role in Hamlet after undergoing back surgery, will bow out as a timelord after four Doctor Who specials next year. /PA Davies said that he was sure that the actor would have recovered in time to begin work on the first instalment, which starts filming on January 19. "The operation that he's had makes it very flexible," he said. "It's a problem that's been fixed but we'll have to be very careful with him - I don't think he will be swinging on a wire on the first day." /PA Ms Tranter said: "I think it's extraordinary, frankly, that David's back hasn't gone before because he works so hard. His commitment is extraordinary." She added that she expected he would soon be saving the Universe as the Doctor and avenging his father as the Prince of Denmark. /PA Davies fuelled further speculation about the identity of Tennant's replacement by admitting that he would like to see a woman play the role, and said that he favoured Catherine Zeta-Jones or Lesley Sharp, who worked alongside Morrissey in the BBC drama series Clocking Off. /PA Asked whether he thought that the role could go to a black actor, he said: "I think the more it's talked about, the more likely it is to happen." /PA But Davies, who will bow out as lead writer and executive producer of Doctor Who at the same time as Tennant departs, said that he had had nothing to do with choosing the next Doctor. "They don't tell me because I gab," he said. /PA His replacement, Steven Moffat, will take a lead role in picking the new Doctor, Davies said. "I think it'll be a while though because it's a big deal to cast. Whoever becomes the Doctor has got to take on a whole life. It's a lot of soul-searching to do." /PA Davies said that next year's special editions would involve filming overseas, as well as in Cardiff, the home of the show. "We'll be filming abroad," he said. "It's going to be exotic. We have got a great guest star." /PA He disclosed that the Doctor would be assisted by a number of sidekicks rather than a constant companion. /PA Other names in the frame to become the next Doctor include James Nesbitt, and David Walliams, the star of Little Britain. He sparked a flurry of bets after admitting that he would accept the role if offered it. /PA An average of 8.1 million viewers watched the latest series of Doctor Who, the fourth since it returned to television screens in 2005. /PA { /S 897007659 /SO The Times /PD 19 December 2008 /PG 25 /SCT Overseas news /HD Year that could be turning point on disease;Factbox /BY Mark Henderson, Science Editor /TX /PA Stem-cell research provides breakthrough of 2008 /PA A tissue reprogramming technique that promises an almost limitless source of stem cells without the need to destroy embryos has been named as the breakthrough of the year by the prestigious journal Science. /PA The method for turning back the clock on adult tissue, so it acquires the versatile properties of embryonic stem cells, heads a list of ten achievements that also includes the direct observation of planets orbiting distant stars, and cheaper and faster technologies for mapping the genetic code. /PA The stem-cell advance, made by separate teams in Japan and the United States, has excited scientists because it could lead to tissue therapies for diseases such as Parkinson's and diabetes grown from a patient's own skin. /PA It is also providing researchers with powerful laboratory models for investigating conditions such as motor neuron disease, Down's syndrome and Huntington's. /PA As so-called induced pluripotent stem cells (IPS cells) carry a patient's DNA, they would not risk rejection by the immune system if transplanted. /PA They are also more ethically acceptable to some religious groups as their creation does not directly involve embryos, although embryonic stem- cells research was critical to the development of the technology. /PA Robert Coontz, deputy news editor of Science, said the great strides made by IPS cell technology in 2008 had made it an easy choice as the year's most significant scientific landmark. /PA "When Science's writers and editors set out to pick this year's biggest advances, we looked for research that answers major questions about how the Universe works and that paves the way for future discoveries," he said. "Our top choice, cellular reprogramming, opened a new field of biology almost overnight and holds out hope of life-

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saving medical advances." /PA The creation of IPS cells in mice was pioneered by a team led by Shinya Yamanaka, of the University of Kyoto. He and a team led by Jamie Thomson, of the University of Wisconsin, then repeated the feat with human tissue. /PA The cellular reprogramming involves wiping out a cell's developmental "memory" by tweaking up to four genes, which causes it to revert to an embryo-like state from which it should be able to form any of the body's 200 or so specialised cell types. /PA This year several groups around the world have created IPS cells that model real diseases. Other scientists have made progress in ironing out some of the safety problems - the first IPS cells were made by manipulating genes with viruses, in ways that could promote cancer. Science cautioned, however, that considerable work is still required before IPS cell technology is ready for clinical trials. /PA The runner-up on the breakthrough list was the direct observation of planets orbiting stars. While more than 300 of these "exoplanets" are now known, the vast majority were detected by measuring wobbles in the light from a star, or by other indirect means. This year, scientists have obtained direct images of several planets, such as three objects that orbit a star called HR8799, 128 light years from Earth. The achievement required sophisticated methods for blotting out the light from the planets' parent stars, which normally makes them invisible. /PA The development of new genome sequencing technology, which promises to bring the cost of reading the human genetic code down to about \$5,000 (Pounds 3,200), also made the list. These methods have also let scientists map the genomes of extinct animals, such as the woolly mammoth. /PA Other advances to be honoured include the most detailed video taken of a developing embryo, new calculations of the weight of the world, and the discovery of new genes that influence cancer. European big science was named as the phenomenon of the year, chiefly for the switch-on of the Large Hadron Collider at CERN in Switzerland, but also because of the start of construction work on the ITER experimental fusion reactor in France. The financial crisis was named as the "breakdown of the year". /PA Areas to watch in 2009 highlighted by the journal included insights into genes that split species in two and the Copenhagen climate change talks. /PA 200 /PA The number of specialised cell types in the human body. /PA Source: Times database /PA { /S 897007660 /SO The Times /PD 19 December 2008 /PG 26 /SCT Home news /HD Unforgettable still, the night death fell from the sky on Scottish town;Lockerbie /BY Magnus Linklater /TX /PA A Terrible Tragedy Rememberedvividly 20 Years On Did Bring A Little Good in Its Wake, Says Magnus Linklater /PA Lockerbie knows that it will never be allowed to forget the night of December 21, 1988. Like Aberfan, Omagh, Dunblane - the little places struck by disasters - its name is for ever linked to one terrible moment. In Lockerbie's case it was 7.03pm, when Pan Am Flight 103 dropped from the sky. /PA You cannot walk the streets today without the reminders: Sherwood Crescent, where the wing and fuel tank ploughed into the houses and evaporated them, leaving a massive crater, reeking of aviation fuel; Rosebank Crescent, where the fuselage came down and scattered bodies across gardens, on the rooftops and the hillsides around. /PA Tundergarth, four miles outside the town, is where the nose cone came to rest, its name, Maid of the Seas, written plainly on the side, to become the unforgettable memorial to the 270 who died: pilots, stewards, passengers and the 11 Lockerbie people who perished with them. /PA These things are remembered in the town, but the memories are not oppressive. Most people I spoke to preferred to talk about the way that Lockerbie has moved on, its new houses, the jobs created, its hopes for the future. The neat memorial garden at the Dryfesdale Cemetery, with its granite monument bearing the names of all who died - "their ages range from 2 months to 82 years and they came from 21 nations" - is an intensely moving place, not because it is imposing, but because it is so ordinary, with its neat paths and newly planted trees. /PA Many of the relatives who have come here, and drawn comfort from the long views out to the Southern Uplands, have commissioned plaques that try to encapsulate the lives lost: "An old-fashioned gentleman", "Killed in the line of duty", "Goodnight, sweet Kate" are among the inscriptions. /PA At Tundergarth, a tiny new chapel has a vellum book with the name of each victim carefully inscribed, and another, telling the story of who they were and what they had achieved. /PA The links between the town and the families who come back year after year to remember those they lost have grown, and most of them record their gratitude for the support they have received. One mother used to come every year to Tundergarth, cross a fence and walk 33 paces to the spot where her daughter died, and stand there, silently remembering. Two years ago she died. But this year her second daughter came over to do the same: the chain remains unbroken. In the Tundergarth chapel, a note in the visitors' book, written only ten days ago, records: "Alexia, you fell here, sheltered by the people of Lockerbie. God made the Scots a wee bit better." /PA George Stobbs, now 74, was the police inspector in charge of the Lockerbie sub-division that night. He has told his story many times, because he feels he owes it to successive generations to remind them of the enormity of what happened; but it still has the capacity to shock. He remembers the first body he came across, a woman lying in the street, her clothes torn off. "I thought she must have been killed by debris; I had no idea she had fallen out of the sky." He saw hedges on fire, the flames from a

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ruptured gas main shooting up through the paving stones, an iron gate in Sherwood Crescent melting in front of his eyes, the crater, like a volcano, belching fire, the tyres blazing at Townfoot garage right on top of the petrol tanks, which miraculously never went up, a fireman holding a useless hose because by sheer bad luck a piece of the aircraft had severed the main water supply. /PA When word came in from Prestwick that the radar had recorded five blips showing the disintegration of Pan Am 103 at 35,000ft, Stobbs knew that it must be sabotage. "By 8pm it had become a murder inquiry," he says. That meant, among other things, marking each body where it lay. Many were naked, stripped of their clothes as they fell through the sky, and each had to be examined and documented. At a case conference next day Mr Stobbs asked his men if they needed any support. "There was no counselling in those days, and most of them seemed OK," he said. "But I noticed one young chap, who was very silent. He said he was fine, but then he broke down. He'd never seen a girl naked before, and now he had, and she was dead." /PA Today, Lockerbie has not only been rebuilt, but is growing, its population about 4,500. In Sherwood Crescent, the only reminder of the past is a gap along one side, where five houses were destroyed. The families of those who died asked that it be left open rather than rebuilt, so a memorial garden stands in their place. /PA Meanwhile, the legacy of that December night remains in the links built between Lockerbie Academy and the University of Syracuse in New York, which lost 35 students in the disaster. Each year two pupils from Lockerbie go out to Syracuse to spend a year there. At the same time Syracuse has established 35 scholarships for its own students. Three years ago, Erin McLaughlin, from Lockerbie, not only won the opportunity of going out to Syracuse, but won one of the thirty-five scholarships. She went on to gain a PhD at New York University. "Not bad for a wee girl from southwest Scotland," says Lockerbie's headmaster, Graham Herbert. /PA Interest in the Syracuse programme has never been greater, with more than twenty applicants for the two places this year. I spoke to two of them, Dora Lewis and Craig Stoddart, both 17, born three years after the Lockerbie disaster. "It's never been forgotten," Craig said. "We are such a small community that everyone knows someone who was there." But it has also left a legacy. Dora explained: "It gives our school this link with America, something very special that not many others have. It was a tragedy, but it has left something good. It is right for us to remember it." /PA { /S 897007661 /SO The Times /PD 19 December 2008 /PG 27 /SCT Features /HD Q#38;A;Lockerbie /BY Magnus Linklater /TX /PA Who did it? /PA From the moment Pan Am Flight 103 was blown apart in the skies above Lockerbie on December 21, 1988, the question of who planned the attack and who carried it out challenged investigators, political leaders, security agencies and conspiracy theorists the world over. Two Libyans were eventually charged, and one imprisoned. But doubts remain over whether they were the sole instigators of the attack, and if so, whether some of the evidence against them was manufactured. /PA Who was in charge of the case? /PA Last week Lord Fraser of Carmyllie, the former Lord Advocate, who was in charge of the investigation, spoke candidly to The Times about his role in the affair, the reliability of the Crown's case, and whether, looking back, the Scottish police had been right to target the two Libyan accused, Al-Amin Khalifa Fhimah and Abdul Baset Ali al-Megrahi. He addressed the key criticisms made by those who say the case was flawed. /PA Were Iran and Syria involved? /PA For the first 18 months of the inquiry, the Scottish police were convinced that the Palestinian terror group the PFLP-GC were the perpetrators, perhaps sponsored by the Iranians in revenge for the shooting down of an Iranian airliner earlier in 1988. Only weeks before the Pan Am explosion, German police had seized a Palestinian gang after a bomb attack in Berlin, and found Toshiba cassettes adapted as bombs, which were identical to the one whose fragments had been found near Lockerbie. /PA Lord Fraser does not discount the involvement of other states, but he points out that no definitive evidence has been produced to link them to the attack. The Libyans, on the other hand, were traced through the diligence of Scottish detectives, who managed to identify the manufacturers of clothing found in the suspect suitcase that had held the bomb. By proving that the clothing had been bought in Malta, and then establishing that the purchaser was al-Megrahi, they laid the foundations of the Crown case. "For me that was the most significant breakthrough," Lord Fraser says now. /PA Could the CIA have planted the timer fragment that pointed to Libya? /PA The discovery of a fragment of circuit board from a timer made by a Swiss company with links to Libya was critical to the prosecution. But accounts of how, where and by whom it was found varied. The original fragment was found several miles from the wreckage, and some weeks after the disaster. /PA It was not until very much later that the CIA claimed to have identified it and matched it with a circuit board manufactured by Mebo of Zurich, a company run by Edwin Bollier, who had supplied timers to the Libyan Government. Some experts have argued that the find was just a bit too convenient to the US investigators, since, by targeting the Libyans, they could avoid falling out with Iran and Syria, important allies at the time of the Gulf War. So could the CIA have planted the evidence? "I don't know," says Lord Fraser. "No one ever came to me and said, 'Now we can go for the Libyans', it was never as straightforward as that. The CIA was extremely subtle. For me the significant evidence

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came when the Scottish police made the connection with Malta." Pressed for his own view, he cites a Scottish murder case, that of Patrick Meehan, in which, it was alleged, the prosecution case had been "improved" by the planting of evidence. Was there a similarity? "I don't know," he said again, "but if there was one witness I was not happy about, it was Mr Bollier, who was deeply unreliable." /PA Was Tony Gauci, the Maltese shop owner, a reliable witness? Controversy has always surrounded Mr Gauci, the owner of Mary's House in Sliema, Malta, who identified al-Megrahi as the man who bought the clothes found in the wreckage. Over the years his accounts of that critical purchase have varied, and claims have been made, not only that he first identified a different shopper, but that he had been prompted by being shown photographs of al-Megrahi. Lord Fraser was quoted in newspaper articles in 2005 as saying that Mr Gauci was "not the full shilling". But Mr Gauci also remembered something that no one had mentioned: that he persuaded the Arab to buy an umbrella. Checks revealed that one umbrella in the wreckage was bomb-scarred. /PA Was there a conspiracy? /PA Tam Dalyell, the former MP, has argued that the CIA may have known about the attack beforehand. Lord Fraser rejects that. "I told Tam Dalyell: if there was a conspiracy, then I am in it up to the neck. I have to be involved. The only other possibility is that I have been so naive that bits of evidence have been planted, and I have swallowed it hook, line and sinker. But four other Lord Advocates have also examined the evidence and they have all concurred with it." /PA { /S 897007662 /SO The Times /PD 19 December 2008 /PG 27 /SCT Home news /HD He is a sacrificial lamb for the whole of Libya, says wife of bomber;Lockerbie /BY Richard Kerbaj /TX /PA The wife of the Lockerbie bomber claims that her husband became a sacrificial lamb for the whole of Libya when he agreed to be tried for a crime that he says he did not commit. /PA Abdul Baset Ali al-Megrahi surrendered his freedom so that his country could free itself from United Nations sanctions and improve its global image, his wife Aisha said. /PA Mrs al-Megrahi gave a rare interview at the family home near Glasgow, close to the prison where her husband is serving a life sentence for the bombing of Pan Am Flight 103 that claimed the lives of 270 people in 1988. /PA "He sacrificed himself for the sake of an entire nation," she told The Times, in an interview conducted in Arabic. /PA "They'll never make up for the absence and they cannot make up for the sadness that has been created," Mrs al-Megrahi said of the Libyan Government, which supports her family financially. "If they give me all the money in the world that would not make up for his absence." She said, however, that she and her five children were still thankful for the support provided by Libya. /PA Mrs al-Megrahi said that she would not have let her husband leave Libya for the Netherlands in 1999 - where the Lockerbie trial took place a year later - if she had known that he would be convicted. /PA "I didn't try and advise him against going because I was confident he would return," she said. "But if I'd known we'd be here ten years later I would have told him not to go." /PA Asked if she ever wished that Libya had not extradited her husband, a faint smile emerges on her face before she lowers her gaze. Her silence spoke volumes. It is the silence of a woman torn between her feelings for a man whom she fell in love with at 18 and the country that continues to put food on his family table and pay for their travel home to Libya for religious holidays. /PA Al-Megrahi, 56, had stage 4 prostate cancer diagnosed in September but was refused bail even though his defence team argued that he did not have long to live. The court ruled that he did not meet the requirement of having less than three months to live. /PA "He's ill and he feels the pain but he is not worried because he has a tremendous amount of faith in God," his wife said. /PA The move to Scotland in 2002 was difficult, she said. There were language barriers for the children, cultural differences and, of course, the hateful chants about Lockerbie. /PA The family home was attacked with eggs, her son Mohamed, 16, was called "terrorist" at school, and his eldest brother Khalid, 22, stays aloof at university to avoid getting into trouble. /PA At times she appears optimistic, then she is overcome by sombre thoughts. "I've lost hope," she said. "Even if they tell me he'll be released I won't believe it until I see it with my own eyes. Because we've been let down again and again." /PA Asked how her husband feels about Lockerbie's 20th anniversary - on Sunday - she said: "He wants the world to know that he's innocent and that he feels for those innocent lives lost in the bombing ...because he too has a family and parents." /PA richard.kerbaj@thetimes.co.uk /PA { /S 897007663 /SO The Times /PD 19 December 2008 /PG 29 /SCT Home news /HD Parents are unable to afford prep school fees /BY Joanna Sugden /TX /PA Private schools are feeling the impact of the economic downturn. Ten schools have closed, six have been forced into mergers and three have converted into academies. /PA Small private schools fear the situation may become worse in January as parents default on fees invoiced this week. /PA St Catherine's Prep School in Stockport is the latest victim. Parents have had to try to find places for their children at other schools after its closure was confirmed last week. In a letter to union members seen by The Times, the school's governing body said that a "viable rescue plan" had not been found. /PA David Lyscom, the chief executive of the Independent Schools Council, said that the full impact of the economic downturn on the private sector was not yet clear. "Schools are concerned and are watching very closely to see what happens. They

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are getting parents coming to them asking how they might be able to deal with fees." /PA Prep schools have taken the biggest hit. Seven closed this year because of financial difficulties, falling pupil numbers and a decline in the popularity of boarding. Some schools are offering parents the chance to spread the cost of fees over ten months rather than three lump-sum payments to ease the financial burden. /PA { /S 897007664 /SO The Times /PD 19 December 2008 /PG 29 /SCT Home news /HD Teachers told to behave, even when off duty /BY Nicola Woolcock /TX /PA Children's wellbeing rated higher than learning /PA Teachers must behave as pillars of the community and be role models to their pupils, the industry's professional body said yesterday. /PA Those who drink heavily and disgrace themselves - even outside school hours - face disciplinary action for bringing the profession into disrepute, whether or not they have broken the law. Some teachers have had to undergo counselling or provide medical proof of abstinence from alcohol to remain on the teaching register, the General Teaching Council admitted. /PA Yesterday the teaching council pre- sented a draft of its new code of conduct for teachers, on which it is consulting. The wellbeing of children is the main thrust of the code, with an even higher billing than learning. /PA Teachers could be disciplined if they fail to co-operate with social workers or do everything in their power to protect children, the draft code says. They should pick up on and address problems at the earliest possible stage. They must also report colleagues if they have concerns that their practice puts children at risk. /PA The draft code says that teachers have to demonstrate high standards of honesty and integrity, and uphold public trust and confidence in the teaching profession. /PA This includes teachers "maintaining standards of behaviour both inside and outside school that are appropriate given their membership of an important and responsible profession". /PA Keith Bartley, the chief executive of the General Teaching Council, admitted that expectations of teachers had increased significantly in the past few years. He said: "The new code will have to reflect the fact that teachers are working more closely with other professionals. Some of the cases that have had national prominence recently show that, if a teacher has concerns, they have a duty to raise and pass on those concerns." /PA Whereas the previous code, drawn up in 2004, set out what teachers should not do, the 2008 draft describes in un- ambiguous terms how teachers are expected to behave. Sarah Stephens, director of policy at the teaching council, said: "It gives greater clarity about what it means to act as a role model, and about a teacher's conduct outside the classroom." /PA Mr Bartley added that, at some of the organisation's professional misconduct hearings, teachers had been required to agree to undergo therapy. He added that teachers could be found guilty of unacceptable conduct without breaking the law - for example by belonging to a party that held racist views. /PA "We're saying to teachers that, as individuals, they have to consider their place in society," he said. "There's a sense that this (code) has to reflect society's expectations of the people to whom we commit our children." /PA David James, the teaching council's head of professional regulation, said: "We have the ability to apply conditions to a teacher's registration. We can say to people, 'You can remain a teacher but you must undertake retraining, or counselling, or provide evidence of abstinence from drinking'. That happens quite frequently." /PA The draft code requires teachers to forge links with parents, and consider their views. It also says they must keep up to date with technology and social changes. /PA The organisation is investigating what schools and local authorities are doing to tackle the problem of incompetent teachers. It will report the findings of its research next year. /PA { /S 897007665 /SO The Times /PD 19 December 2008 /PG 30 /SCT Home news /HD Music hall to share Pounds 15m of lottery handouts /BY /TX /PA (Photograph) - Leeds /PA A Victorian music hall, 17th-century gardens and two Grade II listed museums have won a share of more than Pounds 15million in funding for restoration projects, the Heritage Lottery Fund said. /PA Leeds City Varieties Music Hall, right, once used for broadcasts of the BBC television programme The Good Old Days, is to get Pounds 2.7million to restore the Grade II listed venue and to create a home for an archive of leaflets, posters and photographs of past performers, including Charlie Chaplin and Harry Houdini. /PA The Beaneys Institute in Canterbury has been given Pounds 6million to conserve and extend the Grade II listed museum, art gallery and library named after its benefactor, J.G. Beaneys. /PA Antrim Castle Gardens will receive Pounds 3.35million, one of the largest grants that the Heritage Lottery Fund has provided in Northern Ireland, towards a Pounds 6million restoration of the 17th-century gardens. Preston Hall Museum at Stockton-on-Tees, which tells the story of domestic life in the town over the past two centuries, will receive Pounds 3.58 million for restoration work. /PA The chairwoman of the Heritage Lottery Fund, Jenny Abramsky, said: "These types of projects are the backbone of the UK's heritage, with a focus very much on local people and the stories of their communities." /PA /PH Graphic;Photo. Caption not available { /S 897007666 /SO The Times /PD 19 December 2008 /PG 30 /SCT Home news /HD A giant Christmas pud - with all the trimmings /BY /TX /PA (Photograph) - Yeovil /PA A tree clipped into the shape of a giant Christmas pudding was unveiled in the front garden of Roger and Valerie Holley, of Yeovil. It took the retired couple five years to prune two 25-year-old conifers into a single 20ft (six metre) sculpture -

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complete with lifelike cream and huge holly leaves and berries. /PA They sprayed the branch tips with white paint and used lavatory ballcocks for the berries. Mrs Holley, 64, said: "It's a very unusual thing to have in your front garden, but to see the children's faces as they walk past is a treat. It's our present to the community." /PA /PH Graphic;Photo. Caption not available { /S 897007667 /SO The Times /PD 19 December 2008 /PG 30 /SCT Home news /HD Europe loan bails out school rebuilding plans /BY Alexandra Frean /TX /PA London /PA The schools rebuilding programme has had to borrow up to Pounds 300 million from the European Union because funding from banks dried up (Alexandra Frean writes). /PA Partnership for Schools, the agency set up to run the Pounds 45 billion Building Schools for the Future programme, said that the "challenging" economic situation was forcing it to go to the European Investment Bank. The money will go towards building or refurbishing schools in five local authority areas that are struggling to raise cash under the Private Finance Initiative. The EU lending bank is to provide up to Pounds 300 million to cover half the debt funding for projects covering between 25 and 30 schools. /PA The Government's plan to alleviate the economic downturn by bringing forward spending on public sector infrastructure projects has been threatened by a lack of PFI capital. /PA While several PFI projects are struggling to raise cash, Partnership for Schools is the first to secure a bailout from the EU bank. The agency would not say whether it intended to return to the bank for more cash. It was "keeping the situation under close review", it said. /PA { /S 897007668 /SO The Times /PD 19 December 2008 /PG 30 /SCT Overseas news /HD Four years in jail demanded for minister's husband /BY Richard Owen /TX /PA Milan /PA Prosecutors have demanded a prison term of more than four years for David Mills, the British lawyer and estranged husband of Tessa Jowell, the Olympics Minister, for allegedly accepting a bribe from Silvio Berlusconi, the Italian Prime Minister, to give false or misleading evidence (Richard Owen writes). /PA Mr Mills is accused of accepting \$600,000 from Mr Berlusconi for testimony that he gave as a tax lawyer in two corruption trials in 1997 and 1998. In a letter in 2004 Mr Mills told his accountant, Bob Drennan: "I turned some very tricky corners, to put it mildly, and so kept Mr B out of a great deal of trouble he would have been in had I said all I knew." /PA Mr Mills, 64, was initially accused together with Mr Berlusconi, 72, but the Italian leader put a law through Parliament after winning elections in April giving himself immunity from prosecution. A verdict is expected next month. The prosecution claims that the alleged bribe was used to pay off a joint mortgage held by Mr Mills and Ms Jowell on their London home. /PA { /S 897007669 /SO The Times /PD 19 December 2008 /PG 30 /SCT Home news /HD Gold dust? That's commercial waste, says council /BY /TX /PA Torbay /PA A jeweller has been ordered by his local council to hand over gold dust swept up from his workshop floor so that it can be taken to a tip. /PA John Doble, 50, who runs businesses in Torquay and Brixham, collects tiny gold particles from the floor and benches of his workshop and sells them to a specialist dealer for about Pounds 2,000 a year. /PA Torbay Council has ruled that the gold dust is commercial waste and has asked him to prove that he disposes of it properly. Mr Doble says that the authority refuses to believe that he is not putting it into his dustbin. /PA { /S 897007670 /SO The Times /PD 19 December 2008 /PG 31 /SCT Home news /HD Three-dimensional television coming to a screen near you /BY Murad Ahmed, Technology Reporter /TX /PA Television has come a long way since the first fuzzy broadcast from Alexandra Palace more than 70 years ago. /PA With hundreds of channels now on offer and sales of high-definition set-top boxes topping 600,000 in the past 18 months, the next step, the industry says, will be to take the picture into 3D. /PA Sky revealed yesterday that it has developed the technology and infra-structure to transmit 3D images, raising the prospect of sofa-bound sports fans being tricked into ducking as a football bounces out of the screen. /PA The company, one of several global broadcasters testing 3DTV, will continue to develop the technology over the next few years while the TV screens required to handle 3D television become more readily available and affordable, and programme-makers and broadcasters film more of their content in 3D. /PA "We're just exploring right now," Brian Lenz, the company's head of product design and innovation, said. "The next step is going to be to find out whether 3DTV is something people are going to be interested in." /PA If there is public appetite for this new experience, Sky - which is partly owned by News Corporation, the parent company of The Times - will introduce the service over the next few years and is likely to be the first to offer channels with full 3D coverage. /PA 3 D film is produced using two cameras that film the action side by side. The new technology allows these two images to be merged and played out simultaneously on the same TV screen. Viewers, who with Sky's version currently have to wear polarised glasses to view 3D, will see a different image with each eye, tricking the brain into believing that it is seeing a three-dimensional image. /PA Sky says that it will eventually be able to film and broadcast events live in 3D. It has already run an internal test where a small audience watched a recent Ricky Hatton boxing fight as it happened without suffering technical hitches. In Japan, where 3D-capable TVs are already available, stations are showing 3D programmes every day. /PA Broadcasters are hoping that studios will start producing more films in 3D. The signs

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are encouraging. Pixar, the animation studio that made Toy Story and The Incredibles, has announced that from next year all its films will be rendered in 3D. /PA { /S 897007671 /SO The Times /PD 19 December 2008 /PG 31 /SCT Home news /HD Research finds we are still willing to inflict pain /BY Mark Henderson, Science Editor /TX /PA Orders followed in restyled Milgram test /PA It was one of the most infamous experiments in history, offering compelling evidence that almost everybody is capable of great evil. Almost 50 years on, it has finally been repeated by scientists - showing that people today are still willing to hurt others when prompted by an authority figure. /PA In a controversial series of studies that started in 1961, Stanley Milgram demonstrated the horrifying extent to which people will follow orders, even when their actions seem to be inflicting serious harm on others. /PA In the experiments, which participants were told were to investigate learning, people were asked to administer electric shocks of increasing voltage to a "learner" in the next room whenever he answered a question incorrectly. The learner, in reality an actor, reacted first with squeals of discomfort, then with cries of pain, and then by imploring the experimenter to stop. He eventually fell silent, as if he had passed out. /PA An overwhelming majority of the subjects, however, kept on delivering shocks: 82.5 per cent kept going after the first cries of pain at 150 volts, and 79 per cent continued until the shock generator had been turned to 450 volts, a lethal dose. /PA The Milgram experiment, as it is known to social psychologists, has since been invoked to explain outrages such as the Holocaust, the Rwandan and Bosnian genocides and the Abu Ghraib torture in Iraq. /PA It prompted Professor Milgram, of Yale University, to remark that he had once thought it would be impossible to find sufficient people in America to commit atrocities on the scale of the Nazis, yet his research convinced him that there were enough in his local city of New Haven, Connecticut. /PA His conclusion, however, remains controversial because his results have never been replicated. "People learning about Milgram's work often wonder whether results would be any different today," Jerry Burger, of Santa Clara University in California, said. "Many point to the lessons of the Holocaust and argue that there is greater societal awareness of the dangers of blind obedience." /PA While previous attempts to restage the experiment have been rebuffed by ethics boards, Dr Berger obtained permission by slightly altering its design. The new research, published in the journal American Psychologist, suggests that little has changed since Professor Milgram's work. /PA Dr Berger found that 70 per cent of participants were willing to continue delivering electric shocks once the learner had cried out in pain at 150 volts. That proportion was not statistically different from the 82.5 per cent who did so in the Milgram study. /PA "My partial replication of Milgram's procedure suggests that average Americans react to this laboratory situation today much the way they did 45 years ago," Dr Berger said. "Although changes in societal attitudes can affect behaviour, my findings indicate that the same situational factors that affected obedience in Milgram's participants still operate today." /PA Dr Berger's study differed from Professor Milgram's in several respects. Participants were stopped from going farther after the learner cried out at 150 volts. This was to prevent psychological harm that might affect participants who discovered that they could potentially have killed somebody. /PA Volunteers were also screened to exclude anybody who might react badly, or anybody familiar with the original Milgram work. Before the experiment began, they were told that they could withdraw at any point and still receive their \$50 (Pounds 33) fee. /PA Participants were also told afterwards that the learner was an actor and that nobody had been hurt. /PA These differences may limit the parallels between this study and the original, according to Arthur Miller, of Miami University in Ohio. "There are simply too many differences ... to permit conceptually precise and useful comparisons," he wrote in American Psychologist. /PA Other psychologists, however, thought that the work useful. Richard Wiseman, of the University of Hertfordshire, said: "It does suggest that obedience to authority is alive and well ... Everyone thinks that they wouldn't do it, but the majority of people do. This ties in with other work suggesting that we overestimate the degree to which we are different from one another, and think that we would be far more willing to stand out from the crowd than we actually are. /PA "It would be nice to think that Milgram's results were somehow a product of the 1960s postwar culture, but the effects seem far more embedded in our brains and society than we think." /PA Dr Berger said: "Milgram's studies have maintained a place in psychology classes and textbooks largely because of their implications for understanding the worst of human behaviours, such as atrocities, massacres and genocide. Indeed, Milgram frequently drew inferences from his studies to account for the behaviour of people who went along with the Holocaust. /PA "Although one must be cautious when making the leap from laboratory studies to complex social behaviours such as genocide, understanding the social psychological factors that contribute to people acting in unexpected and unsettling ways is important." /PA { /S 897007672 /SO The Times /PD 19 December 2008 /PG 32 /SCT Features /HD Iraq inquiry is inevitable, even if it is fraught with risks /BY Peter Riddell, Political Briefing /TX /PA Gordon Brown has only put off the inevitable day of reckoning over Iraq. Yesterday he rejected calls from David Cameron and Nick Clegg, and the nationalist parties, for an early inquiry, arguing that this would not be considered

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until British troops were out of the country, now due next July. /PA However, not only have inquiries been held during wartime in the past (for instance, over the Dardanelles operation during the First World War) but any investigation now would have no impact on the remaining British military role over the next half-year. This is partly about delaying any report until after the next election. But the risk for Labour is that the terms of reference would then be set by a new Conservative government, and they would be tougher. /PA Timing aside, there are two questions: the structure of an inquiry and what is examined. /PA Most inquiries are initiated by the executive. But the Public Administration Committee of the Commons, chaired by Tony Wright, has sought to restore a role for the legislature by pressing for parliamentary commissions of inquiry in future over the conduct of government. /PA There are several practical issues about how to deal with secret material or excess partisanship (as undermined the Marconi shares inquiry in 1912-13, letting Lloyd George off the hook). But many of these difficulties can be overcome: for instance by ensuring that its members are Privy Counsellors. /PA Defining the remit is fraught, mainly because there is so much to examine. The main public controversy has been over the legal issues and the intelligence background (well covered in the report by Lord Butler of Brockwell in 2004). /PA I am sceptical about whether much new would be learnt about either topic. /PA In substance, we already know why Britain went to war. The real question is the how: what Sir Jeremy Greenstock, the former British Ambassador to the United Nations and then envoy to Baghdad, has called "woefully inadequate planning" for the aftermath of the invasion. It was the glaring failures there that turned Iraq into such a long-drawn-out horror story. /PA However, any wideranging inquiry into either the months leading up to the invasion or the subsequent occupation would have to examine the often fraught relations between London and Washington, and on the ground between British and American commanders and diplomats (though much improved over the past 18 months). /PA This would involve looking at private conversations between Tony Blair and President Bush, which neither leader would be keen to reveal. One senior official told me that the only conclusion would be: "Don't go to war with the Americans." /PA However, any such inquiry could have a damaging impact on relations between Downing Street and the White House, despite the fresh start to be promised in January by President-elect Obama. /PA No wonder the Prime Minister was emphasising the more positive aspects yesterday. But the grievous errors of the past cannot be ignored for ever. /PA { /S 897007673 /SO The Times /PD 19 December 2008 /PG 33 /SCT Home news /HD Life for expat who shot his wealthy wife /BY Russell Jenkins /TX /PA A penniless expatriate who shot dead his wealthy wife in a drunken argument at their home in Zimbabwe was jailed for a minimum of 20 years yesterday at Manchester Crown Court. /PA Michael Bamford, 51, a taxi driver from Rochdale, Lancashire, had persuaded Ivy Sutcliffe, 61, to sell her substantial property and move into a large house in a suburb of Harare. /PA The couple enjoyed a privileged expatriate lifestyle of long days on the golf course and drinks served by servants at the poolside. /PA But Bamford developed a burning resentment towards his wife for maintaining her hold on the purse strings. He became violent while drinking, prone to firing a gun in the house. He shot his wife as she sat on a sofa, and claimed that her death was suicide. Bamford repatriated the body but a coroner ordered a post-mortem examination, which led to him being charged. /PA Mr Justice Openshaw sentenced Bamford to life imprisonment and told him that he would have to serve at least 20 years. The judge said: "At such close range, he must have intended to kill her. However, I simply do not accept that this murder was premeditated. It is far more likely it was committed on the spur of the moment during a domestic argument while he had been drinking." /PA { /S 897007674 /SO The Times /PD 19 December 2008 /PG 33 /SCT Home news /HD Tory peer accused of going berserk in road rage attack /BY Russell Jenkins /TX /PA A multimillionaire peer who built the DFS furniture chain attacked a motorist by scratching at his face and pushing his thumbs into his eyes, a jury was told yesterday. /PA Lord Kirkham, the founder and executive chairman of the company, is accused of carrying out the attack in the village of Sprotbrough, South Yorkshire, where he lives. /PA The jury at Doncaster Crown Court was told that Lord Kirkham, a Conservative Party benefactor, then punched Keith Pearce, 50, a number of times. Andrew Dallas, for the prosecution, told the court that the incident was of a kind commonly known as road rage. He said: "This was a completely senseless piece of violence brought about by some minor road incident which had not caused damage to anybody." /PA Lord Kirkham, 64, denies assault causing actual bodily harm. /PA Mr Dallas said that the peer had told police that it was Mr Pearce who had attacked him and that he had only acted in self-defence. /PA Mr Pearce told the court that the incident happened as he was driving to work on April 29. Lord Kirkham's Mercedes was approaching a junction and indicating to turn into the road that he was pulling out of. But the Mercedes pulled up in front of him, forcing him to stop. /PA Mr Pearce said: "I saw the gentleman getting out of the car and running around the back of the vehicle. He was swearing. It was F-words and B-words. 'What the effing hell do you think you're doing', and then he approached me. His hands were in a claw. He attacked me and went for my face." /PA Mr Pearce, a council

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engineer, claimed that he had momentarily lost vision and had been punched two or three times. "I pushed him away but he attacked me again," he said. "Both hands grabbed my face again. He continued to punch me." /PA Mr Pearce said that he grabbed Lord Kirkham, a life peer, in self-defence and that they fell to the ground. Lord Kirkham eventually got back in his car and drove off. /PA Mr Pearce denied accusations from Simon Bourne-Arton, QC, representing Lord Kirkham, that it was he who had started the incident after shouting insults such as "fat git" or "flash git" at his alleged attacker. /PA Hazel Hansford, a villager, told the court that she had seen Lord Kirkham lunge at Mr Pearce. She said: "Mr Kirkham went berserk. He just went mad, attacking the man." /PA Jane Harris, another witness who was driving behind Lord Kirkham and had stopped to ask the two men to stop fighting, described the peer as the aggressor. She said: "He just went for him. He went for him round the head area with his hands." /PA Mr Pearce's alleged injuries included bruised eyes and scratches to his face, shoulder and leg. He said that he later developed back problems, panic attacks and headaches and had to cancel a planned motorcycling holiday. /PA The trial continues today. /PA { /S 897007675 /SO The Times /PD 19 December 2008 /PG 34 /SCT Features /HD Their parents are dead but fresh water can help to save this generation from disease;Times Christmas Appeal /BY Rosemary Bennett in Chamadinga /TX /PA At 7am, 300 children flock to the Bright Vision orphanage perched on the slopes of Mount Ngalayapakamew. Thirsty and hungry, they are ready for breakfast. /PA Women from the village of Chamadinga have been busy since daybreak preparing for their arrival, collecting water from the well and heating porridge on an open fire behind the collection of little huts. /PA In Malawi, HIV/Aids is the biggest cause of death of parents, though that is rarely mentioned in this deeply conservative, Christian country. Others die in childbirth, but cholera and diarrhoeal disease remain major killers. As a result, half a million children in Malawi are orphans. /PA In keeping with African custom, the orphans spend their nights in the village with their extended families or in households headed by children. But this is a poor village. There is no spare food or clothing for orphans. Most are dressed in torn and ragged clothes, and there are certainly no shoes or toys. /PA The Bright Vision orphanage was set up by village elders to make sure that the children can at least have two good meals a day. That means a back-breaking 200 litres of water must be collected from the well and carried back to the huts - a laborious task given that the tiny can has to be lowered into the well an endless number of times to fill 20-litre containers. The whole process takes about two hours. It is repeated for lunch. /PA But news of the Elephant Pump, cheap and more reliable than traditional African piston pumps, is spreading across Malawi. The outbreak of cholera in nearby Zimbabwe is a frightening reminder of what happens when pumps break down. /PA So when Stanley Chapota and Hosiah Malemba, founders of Bright Vision, heard that Pump Aid was looking for demonstration sites, they jumped at the chance. /PA When The Times arrives to see the newly installed pump, the ancient open well has already been lined with new bricks and the cylindrical well-head is taking shape. /PA Stanley and Hosiah hope that it will cut the time spent collecting water by more than half. The simple construction means that children will be able to help because all they need to do is turn the handles. /PA Most importantly, it means that the water supply is clean and fresh so diarrhoeal diseases will be eradicated. It takes just four hours for the new pump to be installed by pump builders from Zimbabwe and men from the village who get paid for their labour. The villagers have also provided the bricks. /PA The well will not be ready in time for today's lunch, so Fonida, Fatuma and Modesta, in charge of catering for the 300 orphans, come in early to draw enough water for the children. /PA They spend the morning making nsima, the staple meal of Malawi made of maize, in a huge cooking pot. Nsima needs to be "paddled", rather than stirred, to make a thick paste, and it is hot work in the midday sun. A vat of boiling water is then moved on to the fire and the beans prepared. /PA The children, who have spent much of the morning crowded around the partially constructed well, gather in the classroom for singing before lunch. They then file out by age in groups of 10 or 12, queueing patiently to have their hands washed by the village women, then queueing again for food. /PA The first hundred children are served lunch and a drink from the same bowl. The orphanage cannot afford separate cups for drinks and has only enough dishes for 100 children, so they are all washed before the next group of children arrive for lunch. /PA "You have no idea what a difference this pump will make," says Modesta Banda, as she helps to wash the hands of Daniel, aged 4. "It will be so much easier to draw, but the most important thing is that we know it's clean." /PA She plans to plant tomatoes and cabbages by the pump overflow to add variety to the children's food. "We have already said we want the Elephant toilet too," she says. /PA While Pump Aid is using expert pump builders from Zimbabwe to get the project going in Malawi, local men and women will be trained to do the task as soon as funds allow. /PA "It is very important for us to empower the community by training them to build the pumps and maintain them," says Elizabeth Maneya, Pump Aid's acting director in Malawi. "We do not have funding in place for that yet so we can only use locals on a casual basis, but we hope to start proper training when we raise the money." /PA Pump Aid is one of three charities being

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supported by The Times this year. AquAid, the water cooler manufacturer, will donate Pounds 2 to Pump Aid for every Pounds 1 donated by readers /PA { /S 897007676 /SO The Times /PD 19 December 2008 /PG 36 /SCT Features /HD A few clowns but a heap of good TV;Notebook;Comment;Opinion /BY Hugo Rifkind /TX /PA I always wonder, when a cast of special interest luminaries gang together and sign a powerful, tub-thumping letter to a newspaper, how many of them actually bother to read the thing. "We, the pre-eminent members of the British Clown Association, are appalled by the demise of the unicycle..." Are you? All of you? Or are most of you just doing your fellow clowns a favour? Maybe you're not so fussed about the unicycle, but you don't want to be the only clown left out. /PA Did you see that letter about illegal downloading of film and television in The Times this week? It was from "a group of UK film and TV producers, directors and writers" behind "some of the UK's most innovative and distinctive moving pictures and television programming". I've been wondering how many of them read it. I'm hoping most did not. /PA If you are a top media luminary, I suppose it's pretty easy to watch whatever television you fancy. You're Richard Curtis, say, and you realise you forgot to record the first episode of Wallander. So you pick up the phone. "Ken, old mate. You couldn't get somebody to bike us a DVD, could you?" Done. /PA Easy. /PA Most of us just get what we are given. And thus, as noted by Ken and Richard and everybody else who signed on, "in relation to illegal downloads of TV programmes, the UK is the world leader". They write that the law should be more rigorously enforced by the Government and by internet providers. Jeez. What is this? 2004? Guys, get with 2008. These days it's actually quite easy to catch up with Wallander, even without Mr Branagh's mobile number. /PA You can illegally download it, should you be minded, but the rankings of any file-sharing site would suggest that hardly anybody seems to be bothering. That's probably because you can do it legally, on the BBC's excellent iPlayer service. /PA This is how the world should be. On the other hand, at the top of the pirate rankings, we have episode 15 of the latest series of Prison Break. This was broadcast in the US a few days ago, but won't air here until Sunday night. It's not hard to see what would stop these illegal downloads. People just don't like to wait. It's not rocket science. It is not, Mr Curtis, "as cunning as a fox who has just been appointed a professor of cunning at Oxford University". Not by some degree. /PA It is also much easier to download decent telly legally in the US than it is the UK. About ten days ago, the Competition Commission delayed the launch of a service called Project Kangaroo, a one-stop shop for British TV downloads. To be honest, guys, it's weird that you didn't mention this in your letter. If you weren't so very "innovative", I'd almost be tempted to think you didn't know anything about it. Or that you didn't care. /PA Bluntly, you angry, angry TV people, you seem to have forgotten why people want your programmes in the first place. It's not because they get off on stealing. It's not even because they are confident that their ISP will turn a blind eye. It's because you make great telly, and people are impatient to watch it. Maybe it's time to start encouraging your own industry not to treat this like it's a problem. Rather than just clowning around. /PA { /S 897007677 /SO The Times /PD 19 December 2008 /PG 36 /SCT Features /HD Cold comfort;Notebook;Comment;Opinion /BY Hugo Rifkind /TX /PA I'll tread carefully here, because I have no wish to sound callous or mad. All the same, there is something about this recession that I find increasingly comforting. Perhaps it helps that it is cold. /PA People are starting to look just a little more shabby. Pubs are in, restaurants are out. The posh begin to skulk. Around our offices, there is a rash of beard-growing. The whole notion of a new car feels faintly shameful. It could be the early 1990s. I like it. It is when I am from. /PA I became a teenager in 1990. The first music that excited me was grunge. I'd probably think him a right pillock were he alive today, but Kurt Cobain really spoke to me. The mid-1980s, with their glitz, aspiration and ra-ra skirts, have always seemed like a foreign country. I read The Line of Beauty and it could have been about Peru. /PA Through the surge of the 2000s, I have tried my utmost to fit in. I was even a diarist. I went to parties, I held flutes and canapes, and I may not have looked out of place. And yet, inside, it was never me. It never felt right. I am a child of muck and self-loathing. These times are back. I am home. It is like breathing out. /PA { /S 897007678 /SO The Times /PD 19 December 2008 /PG 36 /SCT Features /HD Serious error (2);Notebook;Comment;Opinion /BY Hugo Rifkind /TX /PA Again! Harriet Harman made her joke about David Cameron being the Joker again! Is this not the paper of record? Are these not the very pages on which the national discourse is forged? Did I not make it quite clear, only a week ago, that David Cameron is not like the Joker at all? The Joker does not make jokes. He is a psychopath. He dispatches people, brutally. Afterwards, he may wisecrack. It is not the same thing. /PA Ms Harman should consider this a final warning. Next time, there will be trouble. /PA { /S 897007679 /SO The Times /PD 19 December 2008 /PG 36 /SCT Features /HD We need smarter police who are science savvy;Comment;Opinion /BY David Canter /TX /PA Officers able to understand what 'experts' tell them could avoid the mistakes that marred the Rachel Nickell inquiry /PA The police learn from their mistakes, like most of us. But when they make serious misjudgments people can get killed. So it is not surprising that profound errors in the initial investigation into the murder of Rachel Nickell, who

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was stabbed on Wimbledon Common in June 1992, have been sending shock waves through the system since it was realised that the prime suspect, Colin Stagg, was innocent. The impact of this debacle will resound for many years now that Robert Napper has admitted the killing. /PA In almost all big police investigations of which I have experience, a likely suspect emerges who turns out to have had nothing to do with the crime. Every now and then the senior investigating officer, like Detective Inspector Keith Pedder in the Nickell murder inquiry, is seduced by what psychologists call a "confirmation bias". All the indicators that Mr Stagg was innocent were reinterpreted to point to his guilt. /PA Mr Pedder was so convinced that Mr Stagg was the murderer that he was determined to get evidence to convict him. This might have gone no farther had he not formed an alliance with Paul Britton, an offender profiler, who confidently promised that he could guide an undercover honeytrap that would lead to Mr Stagg confessing or revealing enough for a conviction. /PA The police tend to see expert advice as mainly an opportunity to obtain a conviction of someone already in their sights in the absence of other evidence. The first time I spoke to the police about the possibilities of scientific psychological contributions to investigations, more than 25 years ago, the first question was: "How soon can we use this in court?" Detectives are often frustrated by the conviction that they know the villain's identity but do not have evidence to bring him to court. So scientific discoveries are raided for assistance, rather than being used more cautiously to build an objective account of what happened; the science is rarely used to test or to disprove a hypothesis. /PA Often the potential of science is squandered before it is fully understood. This is particularly true of the "softer sciences", such as psychology. Examples run from forensic hypnosis, through the use of "lie detectors" and, in the case of Mr Stagg, the uninformed belief that someone calling himself a "profiler" could identify the fantasies of an unknown killer and set up a trap in which Mr Stagg would reveal them. /PA I have seen internal memos from a senior police officer who heard of the honeytrap while it was in progress that said "when a judge hears of this he will be spitting feathers". What made this officer so prescient was that he had a doctorate in psychology and could recognise the weaknesses in what Mr Britton was claiming. When Mr Stagg was brought to court, Mr Justice Ognall expressed himself rather more urbanely. He said that the investigation "betrays not merely an excess of zeal but a substantial attempt to incriminate a suspect by positive and deceptive conduct of the grossest kind". /PA Detectives and the Crown Prosecution Service can be bowled over by the enthusiasm and arrogance of any expert, especially when they provide answers that fit the suspect. If it is a new area of expertise of which detectives do not have even the most elementary understanding, they are even more vulnerable. The serious mistakes made in the Yorkshire Ripper inquiry in the 1980s had a significant impact on subsequent murder investigations. But one reason why the hoax taped messages were taken so seriously by detectives was that a phonetics expert could, with some validity, locate the accent to a small geographical area. The apparent magic of this distracted from the fact that surviving victims did not say that their attacker's accent was anything like that on the tape. /PA The weakness of the Ripper inquiry is usually said to be that Peter Sutcliffe was present in police records in different places, but the system did not allow them to recognise that. Napper, too, was on the list of potential suspects for Rachel Nickell's murder but was not followed up because of the police obsession with Mr Stagg. /PA After Sutcliffe's conviction, the need for a scientific perspective on large inquiries was identified in a wideranging review by Lawrence Byford, an inspector of constabulary. One point he made was that complex investigations would benefit from a scientific perspective. He suggested that a scientist be assigned to each inquiry, a role that came to be known as the "Byford scientist". /PA But police forces interpreted this as needing an officer to liaise with forensic scientists and for better computer systems to store information. What was proposed as a change in thinking became just another piece of technology. So it is not surprising that, 20 years later, Sir William Macpherson identified similar weaknesses in the Stephen Lawrence inquiry. The police and CPS increasingly rely on scientific developments that they simply do not have the basic training to understand. /PA Any officer trained in psychology as a science would have known that inferring the fantasies of an unknown killer was a fool's errand, but that it was reasonable to assume that the vicious killer of a woman on an open common was probably known to police for previous violent or sexual crimes. With that basic training, detectives would not need to rely on an "expert" to help to shape a honeytrap, but would have made sure that Napper was carefully interviewed before resources were focused on Mr Stagg. /PA We still expect senior police officers to be generalists, turning their hand to crowd control one day and murder inquiries the next. Their expertise is seen as being police officers rather than in specialist knowledge of a particular field. /PA In many cases this is valuable, as has been shown by the remarkable success in foiling terrorist attacks. /PA But there are cases in which good old-fashioned policing is not enough. Officers need a proper academic grounding to use effectively the science that is available to them. In many forces around the world senior officers must have a degree and there are steps towards that in Britain. We could go farther. Why shouldn't thirty or fortysomethings who have

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enjoyed a career in science join the police at a senior level? The skills they have would be invaluable to modern police investigations that are now so reliant on forensic science. /PA We should not have to wait for another tragedy like the attempt to incriminate Colin Stagg before there are enough senior police officers well educated enough to recognise when a judge may "spit feathers". /PA David Canter is Professor of Psychology at the University of Liverpool and Director of the Centre for Investigative Psychology /PA { /S 897007680 /SO The Times /PD 19 December 2008 /PG 37 /SCT Features /HD It's dramatic! It's sensational! It's the Fed rescue;Comment;Opinion /BY Gerard Baker /TX /PA Quantitative easing may not sound exciting, but it is as momentous as the Gettysburg Address or the D-Day landings /PA Central bankers are those rare human beings who actually go out of their way to make their jobs sound boring. Where the rest of us like to thrill our interlocutors with exaggerated tales of courage in the face of unimaginable challenges in the accounts receivable department, they understate for a living, professionally. /PA They speak in a language that is designed to induce sleep after about three seconds. Somewhere along the line, they seem to have kissed some anti-Blarney stone, a magical, life-draining rock that deprives their conversation of light, colour and fun. /PA "If you think I've said something interesting," they have been heard to explain apologetically, "then you haven't understood what I've said." /PA Yet such is their job, of course, that often they do things that are truly historic, momentous, as consequential in their way as a great political initiative, a soaring piece of oratory or an invasion. /PA But when they do, they are careful not to trumpet it. They shrug it off, downplay it all, wrap it in some impenetrable language, hoping to God that no one will notice it. /PA And they call it something like quantitative easing. Quantitative easing sounds like the lesson you forgot in physics class, or possibly some obscure part of the common law that has to do with conveyancing of multiple pieces of real property. /PA It is in fact a sensational financial departure, a revolutionary bit of economic policy. It is the monetary policy equivalent of Martin Luther's Ninety-Five Theses, the Gettysburg Address or the D-Day landings. And this week, the Federal Reserve, the US central bank, the most powerful financial institution on the face of the planet, in characteristically understated fashion, decided to do it. /PA If you doubted that we are living in truly turbulent times, if you are one of those people out there who still thinks that this whole economic crisis business has been overdone by the media, then the US central bank's action this week should lift the scales from your eyes. /PA Quantitative easing is, in essence, what you do as a central bank when you have run out of things to do to avert catastrophe. It is that moment in the horror movie when you are backed up into the kitchen by the intruder and you start pulling out the kitchen sink as your last weapon. /PA This week, in an historic first, the Fed cut US market interest rates for overnight loans to zero, give or take a few hundredths of a percentage point. The reason, of course, is that the economic and financial crisis is getting worse. The US economy is plunging into its deepest recession in 50 years or more, with a strong possibility that total output will contract in the current quarter at an annual rate of 7 per cent. Banks won't lend, customers won't borrow. /PA But worse still is the possibility that the economy might begin to suffer deflation, a period of generalised price declines. Deflation sometimes puzzles people. Isn't it a good thing when prices fall? Can't we all afford to buy more things? Weren't we panicking six months ago that prices were rising too fast? /PA The problem is that a general fall in the price level can be catastrophic for a country for three main reasons. First, it encourages people to defer purchases. If you can get something cheaper in six months' time, you're going to wait. For an economy in or near a depression that is a disaster. /PA Second, it increases the real value of debt. If you have a \$300,000 mortgage and prices - and wages - fall, that means the actual value of that debt in terms of your spending power is rising. /PA Third, it reduces the effectiveness of monetary policy. You can't have negative interest rates (though there have been some very strange intimations of such in the past few weeks). As a general rule, people will not pay banks to hold their money; they'll just keep it in cash. So the central bank's usual tool for saving the world from recession - lower interest rates - is useless when rates cannot go any lower. /PA The last resort in these circumstances is quantitative easing. The central bank essentially prints money, unrelated to the level of interest in the economy. Specifically, what the Fed is proposing to do is to use the printed cash to buy up all sorts of long-term debt - mortgage securities and government bonds. That will lower the interest rates on those assets (these are not the overnight interest rates already set at zero, but longer-maturity rates). So mortgages and other loans will become cheaper, and money will slosh around the economy. /PA At the same time the new administration of Barack Obama is going to spend a fortune on everything from roads to railways to computers and solar panels. This will not be paid for by taxes but by the same printed money pouring out of the Fed. /PA The result of all this, you will remember from those heady days of the 1970s, should be inflation: usually a bad thing, but now, given the threat of deflation, a good thing, a necessary corrective to the disastrous alternative. /PA There are, of course, risks in this dramatic new move by the Fed. With the US printing dollars willy-nilly, the value of the US dollar should decline. This could cause international

investors to shun the currency, precipitating further disastrous falls in the value of US assets. /PA It's also not necessarily the case that higher inflation will get the US out of its near-depression. Japan is the only other leading country that has tried quantitative easing in the past 50 years. It's been at it for seven years and is still in a slump (though it has at least stopped deflation) The biggest risk is in storing up trouble for the future. When inflation gets going, the central bank will have to be very quick to reverse course: mop up all that excess money and push interest rates much higher. That won't be a pleasant policy for an economy just starting to recover. But it's a problem that the Fed would love to have right now. Not that those central bankers would put it quite that colourfully. /PA { /S 897007681 /SO The Times /PD 19 December 2008 /PG 38 /SCT Features /HD Reading between President Karzai's lines;Comment;Opinion /BY Anthony Loyd /TX /PA Behind the Afghan leader's stomach-churning platitudes lies a history of mistrust and rancour /PA Someone has been having a quiet word in Hamid Karzai's ear. To judge by the schmaltsy, idiosyncrasy- strewn vernacular used by Afghanistan's President in his Christmas thank-you letter to Britain, published in The Times on Monday, it was Borat. The cliched evocations of seasonal religious symbolism, merged with gushing congratulation, were so unwittingly patronising that they could easily have been written by the fictional Kazakh TV journalist. /PA But on closer inspection, after reading Mr Karzai's expressions of gratitude at how British soldiers die so readily in Helmand, his plea to remember that they do so to save us all from terrorist attack, and his warning that the situation could worsen without Britain's support, it becomes clear that diplomatic advice lies behind the letter. /PA Either a diplomat, or some other mollifying figure close enough to penetrate the opaque walls of Mr Karzai's court, has tactfully told the President that the British public, its Army and diplomats have grown sick of his record of criticising their efforts while so many soldiers get blown up or shot in Helmand. /PA Footage of the smiling President taken on any of his visits to the UK, toggled out in his Karakul lambskin hat and Chapan cloak, suggest him to be a cheery Anglophile. In truth his relations with the British have seldom been more than strained and have dramatically soured recently. /PA The rot began in 2006 when Britain demanded that Mr Karzai replace the Governor of Helmand, Sher Mohammed Akhunzada, as a condition for deploying troops there. The Governor and Mr Karzai had been old friends since they fought the Soviet occupation together. /PA Although an influential and courageous warlord, Mr Akhunzada was accused by the British, among many things, of being a drug lord. Mr Karzai reluctantly removed him and made him a senator. Mr Akhunzada has lobbied to be reinstated ever since and is regarded as central to the growing mistrust between Mr Karzai and the British. /PA Acrimony worsened during 16 Air Assault Brigade's first tour of Helmand that year when Mr Karzai intervened directly with the tactical deployment of British troops in a series of telephone calls to annoyed senior British commanders that were described as "hysterical" by witnesses. /PA A new low occurred in December 2007 when Mr Karzai expelled two diplomats, a British and Irish citizen, after denouncing them for funding the Taleban. Central to a British project to facilitate the defection of Taleban fighters near Musa Qala, the pair were widely respected throughout Afghanistan and were on a mission that had been cleared by the Afghan authorities. /PA Their expulsions poleaxed British efforts to reconcile biddable insurgents; diplomats privately accused Mr Karzai of having expelled the pair for no other reason than pique at his own lack of power in influencing events. (In a little-known footnote to the story one of the Afghans working with the diplomats was thrown into a dungeon on Mr Karzai's orders.) In January at the World Economic Forum in Davos, Mr Karzai ridiculed Britain's efforts in Helmand, claiming that heeding its advice had made the situation there worse. "Before (the British Forces arrived) we were fully in charge of Helmand... the British Forces guaranteed to me they knew what they were doing and I made the mistake of listening to them. And when they came in, the Taleban came." /PA The British were furious. False rumours began to circulate among embassy staff that Mr Karzai was "mentally ill", and in a series of counterclaims Western diplomats pointed out that most of Afghanistan's problems originated from the endemic incompetence of the Karzai Government. /PA That same month, Mr Karzai blocked Paddy Ashdown's nomination as super-envoy - even though it had been supported by the United Nations and the US State Department. That was interpreted by diplomats as designed to limit Britain's influence in Afghanistan. /PA So why the sudden expression of fawning gratitude? Has Mr Karzai forgotten that only two months ago, the French satirical magazine Le Canard Enchaîné reported an alleged conversation in which Sir Sherard Cowper-Coles, Britain's Ambassador to Kabul, called for a dictator to replace Mr Karzai if any hope for Afghanistan were to be salvaged. /PA Sadly, Mr Karzai's Christmas letter is likely to reflect realpolitik rather than a genuine change of heart. /PA With 134 British soldiers having been killed in Afghanistan, and the war worsening, Mr Karzai's previous public rancour toward British policy in Afghanistan now threatens a serious erosion of public backing for the campaign. /PA If you want - he has doubtless been advised - to enjoy Britain's continued support in the run-up to next year's presidential elections in Afghanistan, if you want to carry on having billions of pounds of British taxpayers' money filtered through your

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Government, or hobnob with the Prince of Wales at Balmoral and have the Foreign Office and Commonwealth keep quiet as to how utterly useless it truly believes you are, then try to say something nice for once. /PA The saddest reality of all is that this gut-churning missive will probably be all that it takes - for a while at least - to fulfil that aim. For although there is no lack of antipathy on either side, both parties will be far happier to hide their discord and maintain a charade of unity in the absence of any better clue where to take Afghanistan. /PA So happy Christmas, Mr President. Britain loves you too. /PA { /S 897007682 /SO The Times /PD 19 December 2008 /PG 38 /SCT Features /HD Floor show;In my view /BY Mark Wilson /TX /PA (Photograph) - A 40ft-square map on the floor of the DC Armory in Washington helps in the logistical planning for the inauguration of Barack Obama next month /PA { /S 897007683 /SO The Times /PD 19 December 2008 /PG 38 /SCT Features /HD Boost voluntary work: make it compulsory;Comment;Opinion /BY Melanie Reid /TX /PA We must make people do something for nothing /PA So exactly how much unpaid work do you do in a month? Going to the gym, cooking, taxiing the children, loading the dishwasher - none of that counts. This must be time given freely to other people or organisations - benefiting them, not you. /PA Yes, thought so. You're too busy in the day job. You barely have the energy outside work to do anything for yourself, let alone your family. You even get resentful having to visit your mother. /PA You are but an empty husk, your resources spent on yourself, your immediate family and your bank account. How on earth can you be expected to do stuff for people you don't know and don't care about? Especially now, in a recession? /PA How indeed? The Archbishop of Canterbury believes that we need to start looking for ways to rediscover volunteering; that to mend society we must relearn the unfashionable ethos of unpaid work, of giving something for nothing. /PA Dr Rowan Williams, not for the first time, is on to something. His main problem, however, is that society has grown a million times busier, lonelier and more self-centred. Giving is now a professional business, the preserve of the billionaire, not the amateur. /PA What we must do, I suggest, is introduce a new concept of universal compulsory volunteering. (As practised in the Army: "Right lads, we need three volunteers - you, you and you.") Everyone aged 12 to 85 would have to devote a minimum of 12 days a year to the service of others - causes of any kind, as long as they are worthwhile. It might be giving financial advice to a charity, walking dogs, mentoring young offenders, gardening for the elderly. People could choose; but they must make a commitment. /PA Everyone, from those on invalidity benefit to, er, the Archbishop, would have to participate. There could be none of this carbon-offset nonsense for the rich, no exemptions, no excuses. This would be National Service meets jury service, with harsh punishment - months of community service, or raised taxes - for those who try to avoid it. AmeriCorps on testosterone. /PA Vital to its success would be forcing employers to facilitate it. We would require legislation to ring-fence those 12 days off - maybe on half-pay - to work for others. Radical, but simple. /PA Compulsory volunteering is win-win and a recession is a perfect time for it. Lots of new jobs administering it; much-needed cohesion for society; and the chance - the first for many - to experience the heady glow of a reward that is not money. Besides, as the Archbishop knows, it might get more of us into Heaven. /PA { /S 897007684 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Opening family courts to scrutiny;Letter /BY /TX /PA Sir, From April 2009 family courts are going to be opened up to scrutiny (report, Dec 17). Most family lawyers must have realised for a long time that media interest reflected a public wish to know what was going on in the courts. If Jack Straw's reforms are to work then a number of things will have to change. /PA Judges and the media will need to find some common themes about the public interest. The media will need to understand more about what the courts do and the importance of reporting both sides of cases. /PA Judges will need to understand that the media's interest in a case may relate to aspects of a case that they think are not important. Judges will have to get used to being criticised. /PA My colleagues and I are concerned about the interests of litigants. We hope that everyone will remember that family cases discuss the most intimate details of people's lives. The past system has sometimes made it easier for ordinary people to bare their souls and to feel that they can have a sympathetic hearing in private. For these people the knowledge that evidence about their private life is to be discussed in front of the media will not always be welcome. The wish of parties to be treated properly and with respect must not be forgotten. /PA ROGER MCCARTHY , qc London WC1 /PA { /S 897007685 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Its time has run out;Letter /BY /TX /PA Sir, While I admire your valiant attempt to save GMT as the British- based international time standard (leading article, Dec 18), I fear that the battle is lost. As you observed, our historical standard is based on the speed of rotation of the Earth and is sadly increasingly inconsistent as our rate of rotation in the heavens slows down with time itself. /PA But real time is not slowing, as demonstrated by the little caesium-133 atom which keeps on vibrating at a consistent rate and upon which the new universal co-ordinated time (UTC) is based. The latter has thus effectively won already, even if it takes some time for the Earth to slow and for GMT to lie down. /PA ARTHUR DICKEN Prestbury, Cheshire /PA { /S 897007686

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/SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Public sector pensions are hardly gold-plated;Letter /BY /TX /PA Sir, Alice Miles's article ("We can't go on paying gold-plated pensions", Dec 17) repeated the mantra that public sector pensions must be worsened in the interest of fairness. Everybody living in poverty in retirement might be democratic and fair but it is not a sensible policy for a country with an ageing population and an alleged commitment to enabling pensioners to live with dignity. The truth is that we all pay for everyone else's pension. The price of goods and services includes an element that goes towards the pension savings of everyone involved in the manufacture and sale of that item - public services are no different. The real question is why is the taxpayer paying for inadequate occupational pension provision in the private sector? /PA In local government the members of this scheme include those providing care services for the elderly. If those intent on abolishing any good-quality pension scheme in the country get their way, the additional pressure on these services will be overwhelming. /PA Poor-quality pensions mean more poverty in retirement. Poverty doesn't just affect the pensioner forced to choose between heating and eating, it affects everyone. These services are all funded by the taxpayer and the increased demand for these and for state benefits will cost the taxpayer dear. Wouldn't it be better to ensure that everyone had a good-quality pension scheme and a chance of self-sufficiency and security in retirement rather than a one-way ticket to penury? Worsening public sector pensions won't achieve this; improving private sector schemes would. /PA NAOMI COOKE National Pensions Officer, GMB union /PA { /S 897007687 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Public sector pensions are hardly gold-plated;Letter /BY /TX /PA Sir, The NHS has a pension scheme to which employees and employers contribute. After 40 years of service an employee who has paid into the superannuation scheme is entitled to a full pension. It is a 40/80th scheme, therefore the most that can be achieved is half of final salary. Those with less than 40 years' service get a lower rate based on number of years of service. When I started nurse training, at age 18, we earned very little (Pounds 9 a month) and yet still had superannuation deducted from our salary; it was a compulsory scheme. Very few people, especially women, manage to work for 40 years in the NHS and many work part-time and may not pay into the scheme. A nurse completing 40 years' service with a final salary of, say, Pounds 25,000 will have a pension of Pounds 12,500. Hardly gold-plated. /PA MOYRA MURRELL London N3 /PA { /S 897007688 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Public sector pensions are hardly gold-plated;Letter /BY /TX /PA Sir, Alice Miles did not mention one factor that should be considered when assessing public sector pensions - the cost to the employee. /PA I joined the police force in 1970 and was obliged to join the pension scheme. I retired in 2000 with a good pension. In the early 1970s my contribution was about 7 per cent of my gross pay but within a few years this rose to 11 per cent. I would suggest that anyone who has set aside 11 per cent of gross pay for 30 years would be in a position to retire with the expectation of receiving a generous pension and that many of the complaints we hear are from people who have failed to make such a long-term financial commitment. /PA JOHN TROTT Telford /PA { /S 897007689 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD A necessary defence?;Letter /BY /TX /PA Sir, I am replying to Andrew Dow (letter, Dec 16) but also to confirm that my idea for the carrier as centrepiece for anti-piracy is based on past operations by the Royal Navy in adjacent waters on a not dissimilar task. /PA After the unilateral declaration of independence by Ian Smith's Rhodesia in 1965, the Wilson Government forced a UN Security Council resolution to prevent oil shipments to Rhodesia. It then charged the RN with blockading the port of Beira to oil tankers. This dramatic commitment to enforce sanctions began in early 1966 with the high-profile use of the carriers HMS Eagle and Ark Royal. Their airborne early-warning squadrons flew thousands of sorties over vast areas to compile the widest surface picture and to locate and identify tankers heading for Beira. Fixed-wing jets also took part. Destroyers and frigates patrolled two lines offshore and thus was born "the Beira patrol". /PA The message regarding maritime air power was the same then as it is now. First, both carriers were at sea for periods comparable with Pacific carrier operations in 1944 - 45 being replenished under way by the Royal Fleet Auxiliary. Second, the Royal Navy's Fleet Air Arm delivered the goods from its self-sufficient and flexible "flat tops". Power was being projected in distant waters. /PA LT -cdr richard little Jedburgh, Roxburghshire /PA { /S 897007690 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD A necessary defence?;Letter /BY /TX /PA Sir, The admirals are determined to have the two aircraft supercarriers in order to maintain Britain as a global power and to justify our seat on the Security Council. In a changed world it is difficult to see a meaningful role for these vessels. The US will continue to police the oceans without the relatively small additions that we can make to the free world's naval strength. China, Russia and India will all become the dominant naval powers and, as for protecting the seaborne trade on which we depend, a dozen frigates would have more relevance than a couple of behemoths. /PA KENNETH WOOD Exeter /PA { /S 897007691 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features

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/HD Appreciation of art;Letter /BY /TX /PA Sir, I have built up a collection of British surrealist and modern art that is considered by some to be of relative significance. Frankly, I wish it wouldn't go up in value as it only pushes up the insurance costs. /PA As a retired GP who started collecting some 20 years ago I do not see myself reflected in the articles on art collecting (times2 supplement, Dec 16) and I am sure there are many others like myself. My interest in 20th-century art was essentially kindled by coming into contact with the dedicated curators of a regional art gallery who put on exciting and often challenging exhibitions despite limited funds. /PA It was the enthusiasm of the curators, the exhibitions and accompanying lectures, as well as the opportunity of meeting the artists, that led me down the collector's path. No high-powered art financial advisers, just a regional art gallery doing its job. /PA It is the appreciation of art, not its financial appreciation, that make collecting rewarding. /PA JEFFREY SHERWIN Leeds /PA { /S 897007692 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Steady as you go;Letter /BY /TX /PA Sir, It is difficult to beat a road sign of 60 years ago (letters, Dec 12 and 16) outside a village on the A33 in Berkshire: "Spencers Wood - Go a Bit Steady". /PA BRIAN LEIGHTON Preston /PA { /S 897007693 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD A diamond geezer;Letter /BY /TX /PA Sir, In defence of all men who try to do the right thing for their wives at Christmas (letters, Dec 13 and 15), as a young man my father-in-law gave his wife a pair of Marigolds. As she prepared to hurl them back at him, out fell a diamond ring. /PA SUE DAWSON Southampton /PA { /S 897007694 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Hamelin's Pied Piper;Letter /BY /TX /PA Sir, Hamelin tradition, first attested in the 14th century, is very firm that on Saints John and Paul's day, June 26, 1284, a Pied Piper led 130 children out of the town (report, Dec 17); the rats were added in a 16th-century Bavarian chronicle, and the date of July 22, 1376, as in Browning, substituted by another chronicler in 1588. The original "children" may have been colonists for Brandenburg and Pomerania, where Hamelin surnames recur. /PA LEOFRANC HOLFORD -strevens Oxford /PA { /S 897007695 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Today's debate;Letter /BY /TX /PA Should licence payers' money be used to pay the BBC's phone-in fines? /PA Post your views to timesonline.co.uk/comment /PA { /S 897007696 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Buoyed by support in Cardigan;Letter /BY /TX /PA (Photograph) - Sir, Contrary to your report on Rafael Lozano-Hemmer's flashing buoys (Dec 15), there is a groundswell of support for this proposal from the residents of Cardigan. /PA However, we accept that support for public art is not always unanimous and contemporary art can be a challenging proposition. We have been sensitive to local public opinion at every stage of the process and have held numerous public meetings, including five visits from Rafael to explain his concept and to modify it in response to concerns raised. His current proposal has moved on from the one detailed in the article. Where people have engaged with the project, it has been fully embraced. /PA It is in the nature of art that it is unlikely to please everyone, and some people will remain unconvinced whatever efforts are made. But we will continue to try to engage with those opposed to the project. This consultation and debate about public art is at the heart of the television series, The Big Art Project, which explores the motivations for commissioning work and the expectations of what it can deliver. /PA Cardigan is one of seven locations across the UK on a journey commissioning art for communities. And while each location has been nominated by the public there will also be some vocal opponents; that is the nature of engaging with public art. /PA linda grace /PA Mayor of Cardigan /PA wiard sterk /PA Curator and Executive Director, Saflle /PA yvette vaughan jones /PA Chief Executive, Big Art Trustee /PA jan youngusband /PA Commissioning Editor, Arts and Performance, Channel 4 /PA andrew macdonald /PA The Art Fund /PA mike smith /PA Executive Producer, Carbon Media /PA /PH Graphic;Photo. Caption not available { /S 897007697 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Public postage;Letter /BY /TX /PA Sir, The suggestion that the Royal Mail be fully privatised is ill advised (letters, Dec 18). Britain needs to retain a universal service obligation for its mail delivery in order to uphold a vital social need. Privatisation will destroy that. /PA Citing other privatisations is not valid. Telecommunications is not comparable because technology provides the coverage rather than people and vehicles, and the myth of competition in the utilities is not something we should replicate. Deutsche Post and La Poste, both similar in size to the Royal Mail, can be run at a profit, and each of those state-owned organisations supports universal and rural services across twice the landmass of the UK. /PA The solution is simple. We just require the same investment and operating model to be applied as in Germany and France, and the management should be replaced with people who can work with the unions. /PA j. nigel bennett Marple Bridge, Cheshire /PA { /S 897007698 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Public postage;Letter /BY /TX /PA Sir, Three weeks ago the Post Office was unable to deliver a parcel as I was not at home. A note was left saying that the parcel had been left at my local ost office, which is 400 metres away. /PA Today DHL was unable to deliver a parcel because I was out. A note was left saying I could

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collect the parcel from my local DHL office, which is at East Midlands airport, 25 miles away up the M1. Now which service would you prefer? /PA IVAN WADDINGTON Leicester /PA { /S 897007699 /SO The Times /PD 19 December 2008 /PG 39 /SCT Features /HD Your views from yesterday's debate;Letter /BY /TX /PA Hangover cures: I always drink a can of coke and eat a full English breakfast. And then sleep for the rest of the day. Bliss. /PA James, Birmingham /PA Madoff scam: It amazes me how many people are happy that some people got conned out of billions just because they were wealthy in the first place. For all we know this is hard earned money of US citizens who have worked hard and done well for themselves. There is too much jealousy and bitterness in the world today. /PA Alan, Hong Kong /PA Withdrawal from Iraq: I don't understand what we are supposed to have achieved. We killed more than Saddam did, we destabilised the region, the war probably contributed to the credit crunch and it distracted the West from dealing decisively with Afghanistan. What have we gained by this? /PA Mike F.W., Porth /PA Your views from yesterday's debate /PA { /S 897007700 /SO The Times /PD 19 December 2008 /PG 40 /SCT Features /HD Global warming's proof in the puddingstone;Comment;Opinion /BY Bryan Lovell /TX /PA The Earth heated up 55 million years ago - and that gives us important clues on how to deal with climate change now, Bryan Lovell says /PA Not far from the road that the Romans called Ermine Street and we more prosaically call the A10 is a field strewn with rounded flint pebbles. These formed on a tropical beach 55 million years ago: Hertfordshire-by-the-Sea. /PA Above the field stands a copse. The farmer has not sought to bring it under the plough, and there is a good reason. The wood is pitted with Roman and Stone Age excavations. Our ancestors quarried hard patches of the beachrock, cemented by silica, at a time of exceptional global warming 55 million years ago. The Hertfordshire puddingstone was used to grind corn. /PA Grinding corn with puddingstone querns was more important to the survival in that area of our Stone Age and Roman ancestors than oil is to us today. You have to eat: you don't really have to consume hydrocarbons by driving up the A10 and flying from Stansted to Lanzarote - although that can be fun in the right company. /PA The former head of Opec, Sheikh Yamani, once said that the Stone Age did not end because they ran out of rock, and there is indeed unshaped puddingstone to be found. The Stone Age ended because people with brains as good as ours developed new technology and adapted to it. /PA We shall never know their names, but those of our present-day leaders who have the conviction and courage to act on the message written in those 55 million year-old rocks will never be forgotten. /PA What is that message? While the flint pebbles were being rounded on the hot shores of Hertfordshire, an episode of dramatic global climate change was being recorded in deep-sea sediments on the ocean floor. We can now read that record 55 million years later, using the recently established division of that part of the geological timescale into thousands rather than millions of years. This brings the story on to a human timescale: we are thereby led to some uncomfortable and implacable conclusions about our current use of the planet. /PA It is commonly said that our present-day release of carbon into the Earth's atmosphere is an uncontrolled experiment with an unknown outcome. That is not really true. Fifty-five million years ago there was a release of fossil carbon comparable with that on which we have now embarked. This was long before we were around to light so much as a camp fire - so we didn't do it, but now we know about it. Although we cannot predict with complete confidence the outcome of our own experiment, the main effects of the 55 million-year release of fossil carbon provide hefty clues to what is likely to happen. This observational science requires no computer-generated models to carry conviction. /PA Earth became a lot warmer 55million years ago. Even on the deep ocean floor, temperatures increased by several degrees centigrade. The boundary between the Palaeocene and Eocene epochs is defined by the resulting extinctions in the fossil record. /PA Warming of the oceans caused their advance on the land, and they became notably more acidic and received large volumes of carbon as the released gases were recycled. It was well over 100,000 years before the planet returned to something approaching its previous state. /PA The trigger for the 55-million-year- old event remains a matter of active research. Nonetheless we know enough to assert that the whole episode may plausibly be regarded as an earlier and complete version of our own present day dumping of CO2 into the atmosphere. A global event that is a threat to the survival of a highly specialised species such as Homo sapiens is not something we would wish to provoke through our own agency. /PA The oil industry is widely perceived to be a significant part of the problem. The rapture of those who discovered, and recovered, the spectacular wealth from the North Sea must now be tempered by the realisation that they are responsible for starting a piece of unfinished business with the Earth's carbon cycle. Petroleum geologists and engineers may not feel particularly in need of redemption, despite the obloquy dished out by many environmentalists. But if they are abashed, help lies close at hand, in their very own reservoirs - and elsewhere underground. /PA We can put the fossil carbon back - at a price. As well as considering the future price of a barrel of oil, the prospective value of a tonne of carbon put safely back underground becomes crucial. At least some of the

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technical and commercial skills required to produce oil and gas are comparable with those needed to inject and store CO₂. /PA We do not have the luxury of choosing between consuming less fossil fuel on the one hand, or carbon capture and storage on the other. We need to do lots of both, to have any hope of holding the level of carbon dioxide in the atmosphere at (say) 550 parts per million (ppm) by the middle of this century. At present oil production stands at about 80 million barrels a day. Depending on how much you compress the CO₂ before injecting it, you could achieve some 20 per cent of that 550ppm target by pumping 80 million barrels of CO₂ underground each day. /PA Those of us who buy the oil industry's most useful product do so to feed the engines of aircraft, ships and cars - which do not lend themselves to easy CO₂ capture. However, capturing fossil carbon at coal-fired power stations is simpler. The storage of their CO₂ probably provides the best prospect for using the oil industry's skills to help to meet our stringent targets. /PA And why should the oil industry not seize this opportunity to develop existing technology? True, pumping waste into long-term storage is not what we veteran frontier explorers are used to, with our techno-gambler culture of high risk and high reward. This would be a future service industry, with a price per tonne for all the carbon safely stored. The dull psalm of duty would appear to replace the trill of pleasure - but that is to set the technical challenges too low. The geology and engineering involved are interesting enough to quicken the blood of skilled young people. The task could be tackled properly between now and 2050, with every prospect of technical and commercial opportunity for the UK. /PA One thing is missing, which only the most determined action by our leaders can provide. That is the establishment of policy and regulation that puts an appropriate and fungible value on a tonne of carbon. Simply that: there need be no officious dictation of choices of action within such a global framework. This is one area where the market really can do its work. /PA Which of our leaders will have the guts to establish restraint in per-capita output of carbon as a social good, on a par with the provision of health services and education? Could it be a combination of President Obama and Prime Minister Brown, working with China, India and others? We have received an important 55 million-year-old message from a warm planet. We can understand it and we should respond with conviction. /PA Bryan Lovell is senior research fellow in earth sciences at Cambridge University. An extended version of this article is published in Geoscientist /PA { /S 897007701 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Try these;Daily Universal Register /BY /TX /PA Stocking fillers for children Great Little Trading Company: funky paint brushes (Pounds 7.83), puppet theatre (Pounds 9.79), wooden dry-wipe travel games set (Pounds 6.85) Cath Kidston: aprons (Pounds 8) Natural History Museum: wild flower playing cards (Pounds 4.89), prehistoric plant (Pounds 7.83), outer space fact finders (Pounds 4.89) Hamley's: farm sound blocks (Pounds 9), bathtime puppy puppet (Pounds 6), dolls house emporium blue towel set (Pounds 5) /PA { /S 897007702 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Going out...Staying in;Daily Universal Register /BY /TX /PA Going out. /PA Film /PA * A Bunch of Amateurs A sleazy Hollywood agent tricks an ageing actor (Burt Reynolds) into playing King Lear in an amateur charity production in London. Stars Samantha Bond, Imelda Staunton and Sir Derek Jacobi /PA Art /PA * The Art of Birmingham 1940-2008 Displaying the vast changes and varieties of art during the period, from more traditional pieces to performance, photography and installation. Birmingham Museum (0121-303 2834) /PA One for the weekend /PA * Family Carol Service A family carol service will be held at St Paul's Cathedral tomorrow, 1pm. London EC4 (020-7246 8371, stpauls.co.uk) /PA ...Staying in /PA TV /PA * Peter Kay's Britain's Got An Extra Pop Factor and then Some 2 + 1 This spoof of The X Factor includes an interview with a pop contest's winner, a transsexual named Geraldine McQueen from Northern Ireland, and a chance to hear her Christmas single (Channel 4, 9pm) /PA Radio /PA * Performance on 3 A concert to celebrate the 100th birthday of the influential American composer Elliott Carter (BBC Radio 3, 7pm) /PA Game /PA * Rayman Raving Rabbids Party Time (Wii) One to play with the family, the Rabbids are stuck inside a television where they have to re-enact TV shows to win points /PA { /S 897007703 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD What we said about...;Daily Universal Register /BY /TX /PA ... Bloody Sunday compensation being agreed "The Government is to pay sums ranging from Pounds 250 to more than Pounds 16,000 to the relatives of the 13 men killed in Ulster's Bloody Sunday riots in Londonderry in January, 1972. The Ministry of Defence said last night that the Government accepts that all 13 were not carrying weapons or firearms when troops shot them." /PA The Times, December 19, 1974 /PA { /S 897007704 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Saint's day;Daily Universal Register /BY /TX /PA Blessed Urban V, a 14th-century Pope, was a Benedictine monk and canon lawyer. He was not the first choice for the papacy, but proved a wise choice. He lived modestly, pressed for reform and the restoration of churches and monasteries. Throughout his life he worked towards reuniting the Eastern and Western Churches. /PA { /S 897007705 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Briefing;Daily Universal Register /BY /TX /PA

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Today Tomorrow is the final day for guaranteeing post delivery to the UK and Channel Islands by 1st class London: Ed Miliband, the Energy Secretary, chairs a ministerial fuel price summit of 38 nations; the London Routemaster design competition result is announced Nationwide: Royal Mail workers stage a 24-hour strike at sorting offices in Bolton, Coventry, Crewe, Stockport and Oxford Brussels: The EU Fisheries Council decides the 2009 quotas Washington: President George Bush meets the Palestinian President Mahmoud Abbas to discuss the Middle East US: Chrysler halts production for a month /PA { /S 897007706 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Travel;Daily Universal Register /BY /TX /PA Tube: There will be suspensions on the following lines this weekend: District between Barking and Upminster; Hammersmith #38; City between Plaistow and Barking; Jubilee between North Greenwich and Stratford; Bakerloo Line trains will not stop at Waterloo; Clapham Common and Oval stations are closed on the Northern Line /PA { /S 897007707 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Your bid;Daily Universal Register /BY /TX /PA Bonhams' sale of top-flight Ferraris at the Palace Hotel, Gstaad, Switzerland, tomorrow, 4pm (automobilia, 2pm), should test the effects of recession on the luxury market. The expected leader of the pack is the 4.4 litre 121LM Spyder Corsa, serial 0558LM, which won the 24 Hours Le Mans and the Mille Miglia in 1955, pictured (estimate to SwFr 6 million, approx Pounds 3.7 million). The sale also includes Ferrari literature. /PA { /S 897007708 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD A dream home...;Daily Universal Register /BY /TX /PA ... Five Ashes, East Sussex Primrose Cottage: This attractive period house has two bedrooms, two reception rooms, study and gardens Upside: It has two inglenook fireplaces, exposed timber beams, as well as a good-sized, attractive garden Downside: There are just two bedrooms, which may be inconvenient if friends and family come to stay Yours for: Pounds 365,000, Freeman Foreman, 01435 873803 timesonline.co.uk/property /PA { /S 897007709 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Day out;Daily Universal Register /BY /TX /PA Burning the Clocks, Brighton On Sunday evening visit Brighton and make willow and-paper lanterns to carry through the city in celebration of the winter solstice. Work you way along North Street, Ship Street, Bartholomews, East Street and Madeira Drive. On the beach greet the lengthening days by giving up your lantern to be burnt on the bonfire. If you don't join in with the parade then head straight to Madeira Drive to watch the lanterns arrive and enjoy the fireworks bursting into the sky over the sea. For details and directions: burningtheclocks.co.uk /PA { /S 897007710 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD To eat...canapes;Daily Universal Register /BY Nick Wyke /TX /PA A tray of enticing canapes to accompany a glass of bubbles is an excellent way to start a party. /PA The word means sofa in French and describes the little seats of toast on which toppings sat in 18th-century salons. Canapes can be as simple or complex as you like, but need to be bite-sized, not too messy and ideally seasonal. Allow for eight to ten "bites" per guest. /PA Mini oatcakes make a great base. Top them with a spreading of cream cheese, smoked salmon, beetroot and dill; fresh goat's cheese and a slice of membrillo (quince paste) or Stilton with onion jam. /PA Use a chicory leaf as a boat filled with blue cheese, walnuts and honey, or serve a sliver of roast lamb twisted around a rosemary stem. Top discs of toasted sourdough bread with smoked duck and plum compote or slivers of pear, prosciutto and rocket. Make a final flourish with everything from halloumi batons, served with a lemon and parsley dip, to lightly seared tuna with mango and cucumber chunks on a stick. /PA { /S 897007711 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD The last word;Daily Universal Register /BY /TX /PA "The time draws near the birth of Christ: The moon is hid; the night is still; The Christmas bells from hill to hill Answer each other in the mist" Alfred, Lord Tennyson, In Memoriam /PA { /S 897007712 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD On this day;Daily Universal Register /BY /TX /PA Events In 1154 Henry II was crowned King of England; in 1783 William Pitt the Younger, 24, became the youngest British Prime Minister. /PA Births William Edward Parry, Arctic explorer who made three expeditions in search of the Northwest Passage, 1790; Sir Ralph Richardson, actor, 1902; Leonid Brezhnev, general secretary of the Soviet Communist Party, 1966-82, and President of the Soviet Union, 1977-82, 1906; Edith Piaf, singer and actress, 1915. /PA Deaths J.M.W. Turner, landscape and marine painter, 1851; Desmond Llewellyn, actor who played Q to four cinema incarnations of James Bond (Sean Connery, Roger Moore, Timothy Dalton and Pierce Brosnan), 1999. /PA { /S 897007713 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Top ten;Daily Universal Register /BY /TX /PA Christmas No 1s: 1980 1980 St Winifred's School Choir, There's No One Quite Like Grandma 1981 The Human League, Don't You Want Me 1982 Renee #38; Renato, Save Your Love 1983 The Flying Pickets, Only You 1984 Band Aid, Do They Know It's Christmas? 1985 Shakin' Stevens, Merry Christmas Everyone 1986 Jackie Wilson, Reet Petite 1987 The Pet Shop Boys, Always On My Mind 1988 Cliff Richard, Mistletoe #38; Wine 1989 Band Aid II, Do They Know It's Christmas? /PA Source: everyhit.com /PA { /S 897007714 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Derwent May's nature notes;Daily

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Universal Register /BY Derwent May /TX /PA Water pipits that have come here for the winter are turning up occasionally in marshes or by rivers where they are especially attracted by watercress beds. They used to be regarded as no more than a form of the rock pipit, but now they are considered a distinct species. This does not seem surprising since they are very different. Water pipits in winter are conspicuously white underneath, and have a pale eyestripe, whereas rock pipits are dark and spotty. Rock pipits are also birds of coastal cliffs, or promenades in seaside towns, while the wintering water pipits stay mainly inland. In summer water pipits are found remarkably far from water, on mountainsides in such places as the Tyrol. In summer too they have pale, pink-flushed breasts, quite unlike the streaky breasts of other pipits. An odd habit that some of them have is to migrate north in the autumn. They look for lowlands rather than just for warmth. One has lately been at the London Wetland Centre at Barnes. /PA { /S 897007715 /SO The Times /PD 19 December 2008 /PG 41 /SCT Features /HD Happy birthday;Daily Universal Register /BY Russell Twisk /TX /PA Wally Olins is known as "a brand guru" or, as he calls it, a reputation builder for countries, companies and corporations. He has just published The Brand Handbook and plans to write another book next year. He sees a great future for consultants like him and says: "As consumerism loses its veneer of charm and even respectability in the West, it is gaining in the developing world." He foresees an increasing profusion of brands from Brazil, Russia, India and China. He has established a new office for his company, Saffron, in India and will station himself there in the spring. He is spending his birthday holidaying in Mauritius. Wally Olins is 78 today. RGT /PA Other birthdays /PA Upamanyu Chatterjee, novelist, 49; Steven Isserlis, cellist, 50; Tim Parks, author, 54; Robert Ponsonby, Controller of Music, BBC, 1972-85, 82. /PA { /S 897007716 /SO The Times /PD 19 December 2008 /PG 42 /SCT Features /HD Ayckbourn's wry fairytale is pleasantly preposterous;Theatre;First Night /BY Benedict Nightingale /TX /PA Awakening Beauty /PA Stephen Joseph Theatre, Scarborough /PA *** /PA So was it happily ever after for the Sleeping Beauty and Prince Charming after he interrupted her 100-year snooze? Not in the view of Stephen Sondheim, who brought his trademark cynicism to Into the Woods, giving us a hero who turned out to be serially lovelorn and terminally fickle. And only partly in the view of Alan Ayckbourn, who has always tended to think that love and marriage go together less like a horse and carriage than a mule and a overloaded dray. /PA And that looks like being the conclusion of his Awakening Beauty, a musical play that is the last piece he will write for his seaside theatre before he retires as its artistic director in March. It's also his 72nd work for the stage, which leaves him a few score short of Lope de Vega's total oeuvre but may well be a British record. And, yes, it had me appreciating some wry lyrics, chuckling at some mischievous moments, and humming Denis King's larkly tunes. But, no, it lacks Sondheim's bite, opting for an upbeat ending that the Manhattan maestro would disdain. /PA Call the piece pleasantly preposterous. Call it dauntingly eventful, too. Ayckbourn ladles out narrative like a crazed spendthrift, starting with an episode in which Duncan Patrick's very public-school Prince kisses Alice Fearn's demure Princess awake, promptly disrobes and jumps into bed with her, and wakes in the morning to find that Anna Francolini's wicked witch has locked the girl in the loo and substituted herself between the sheets. /PA Things don't get simpler. The hero and heroine move to the suburbs, so impoverished that he becomes a supermarket stacker while she has triplets who screech all night. Meanwhile, the sexually besotted witch, aka Carabosse, follows them, having been deprived of her powers by a chief sorceress who, as played in majestic panto-dame style by Matthew White, more than justifies her title of "your imperial viciousness". Oh, and Ben Fox appears as a lackey who, even though she has turned him into a pig, so adores Carabosse that he uses her absence to do a lot of DIY in her cave. /PA That's not the only time that Ayckbourn has ditched his customary logic. Even by fairytale standards, his plot seems as seamless as a mad granny's quilt. Why does the hero and heroine's store of gold turn to paper while the witch's bullion stays intact? Why does the pig suddenly transmute back into a man? Worse, why does Francolini's splendid witch have to have a change of heart as well as an entertaining makeover at the hairdresser's? I preferred her when she was cackling like an Essex chav, snapping out four-letter words - and adding colour to what is, all cavils aside, an exuberant evening aimed more at adults than children. /PA Box office: 01723 370541, to Jan 17 /PA { /S 897007717 /SO The Times /PD 19 December 2008 /PG 43 /SCT Overseas news /HD Mastermind of the apocalypse;Rwanda /BY Jonathan Clayton /TX /PA Life sentence for colonel who planned the Rwandan genocide /PA A former army colonel was jailed for life yesterday after being found guilty of masterminding the 1994 Rwandan genocide in which more than 800,000 people were slaughtered in 100 days - history's fastest mass killing. /PA A special UN tribunal found that Theoneste Bagosora, 67, and two co-defendants had plotted and organised the killings of ethnic Tutsis and moderate Hutus opposed to the rule of President Habyarimana. /PA It is the first time that the International Criminal Tribunal for Rwanda (ICTR), based in the northern Tanzanian town of Arusha, has convicted anyone for organising the killings. Two other former military officers, Anatole Nsengiyumva and Aloys Ntabakuze, were also

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found guilty of genocide, crimes against humanity and war crimes. All three were given life sentences. /PA The three organised, armed and trained the notorious Interahamwe militia, which carried out much of the slaughter. Most of the killings took place with machetes and thick wooden sticks covered with nails. /PA The court found Bagosora guilty of chairing a committee that drew up lists of those to be massacred, rejecting his defence that the killings were not organised and therefore not genocide. It ruled that he planned the murders as early as 1990 and had drafted a paper circulated within the army describing Tutsis as "the principal enemy". /PA He later stormed out of peace talks, accusing government delegates of being too soft on Tutsi-led rebels and said that he was returning to Kigali to "prepare the apocalypse". /PA Bagosora's lawyer said that his client would appeal against the verdict. A fourth man, Brigadier Gratien Kabiligi, the former head of military operations, was cleared and ordered to be released from custody immediately. /PA Rwanda, which has had a fraught relationship with the UN court, immediately welcomed the verdict. "Justice has been delivered. We are satisfied," Aloys Mutabingwa, the Rwandan representative to the ICTR, declared. "The essential thing is that their role in the genocide was established. The court ruled that Bagosora had the authority over the killers. It is the most important thing." /PA The killings began a few hours after the aircraft of President Habyarimana, a Hutu, was blown up on its approach to Kigali airport as he returned from failed peace talks on April 6, 1994. /PA The court found that among the first to be targeted by Bagosora were the Prime Minister, Agathe Uwilingiyimana, a moderate Hutu in favour of a government of national unity with Tutsi rebels, and her bodyguard of ten Belgian UN peacekeepers. /PA The peacekeepers' bodies were horribly mutilated - an act that outraged public opinion in Belgium and led the Government to withdraw its contingent to the UN force and abandon more than 2,000 Tutsi civilians who had sought refuge at their base at the Ecole Technique in Kigali. /PA They were all slaughtered within an hour of the pullout, an event later recorded in several films about the genocide. /PA The UN force commander, General Romeo Dallaire, who begged the Belgians to stay, described Bagosora as the "kingpin" behind the genocide. In his memoir, *Shake Hands with the Devil*, the Canadian officer wrote that /PA Bagosora was a "known extremist" who controlled the militia leaders as much as anyone could. /PA At their last meeting on Rwandan soil, Bagosora said that the next time he saw the general he would kill him. Their subsequent encounter was in the Arusha courtroom when Mr Dallaire, who suffered a breakdown after the genocide, testified for the prosecution. /PA When *The Times* met Bagosora, then a colonel, on Day 10 of the genocide, he claimed to be deploying the Rwandan Army to stop the killings, despite being surrounded by a smiling group of drunk militia leaders, many of whom wore bloodstained clothes. /PA He angrily denounced efforts by the International Committee of the Red Cross to escort Tutsi children to safety while his supporters menacingly drew fingers across their throats. /PA It was later alleged that France, which supplied the Habyarimana Government with arms and finance even as the genocide had begun, took Bagosora to safety by helicopter after Tutsi rebels advanced across the country, captured the capital and ended the killings. /PA In 1996 Bagosora was captured in Cameroon and flown to Arusha to stand trial. /PA The case, which began in 2002 and was expected to last two years, became the lengthiest and most complex the ICTR had yet handled. /PA About 242 witnesses, many of them survivors flown from Rwanda, were called, more than 1,600 exhibits displayed and about 30,000 pages of transcripts compiled. /PA In another verdict yesterday, the UN tribunal for Rwanda - which has only one year left to run - also sentenced Habyarimana's brother-in-law, Protais Zigiranyirazo, a businessman known as "Monsieur Z", to 20 years in prison for genocide and extermination as a crime against humanity. /PA { /S 897007719 /SO The Times /PD 19 December 2008 /PG 44 /SCT Overseas news /HD The genocide is over but blood is still being spilt across the region;Congo /BY Rob Crilly in Nairobi /TX /PA Rwanda's genocide ended when Tutsi rebels succeeded in chasing Hutu death squads over the border into the Congolese jungles. But 14 years after their exile brought an end to Rwanda's misery the reverberations are still being felt around Central Africa. /PA Their arrival sowed the seeds of another war, as Zaire, now the Democratic Republic of Congo, became a battleground of neighbouring countries. /PA And today the presence of Hutu militias deep in the forests of Congo has brought a bloody end to the year, as Tutsi rebels try to snuff out what they still see as a genocidal force. /PA More than 250,000 people were forced from their homes as General Laurent Nkunda's Tutsi fighters launched a series of offensives earlier in the autumn. Scores of women have been raped. /PA "So long as Hutu militias remain in Congo, Laurent Nkunda will claim he is justified in waging war, whether he is being honest or not, and we are trapped in a cycle of conflict," said a United Nations official in Goma, eastern Congo. /PA "Their being here may not be the direct cause of the latest fighting, but there can be no doubt that they are a major source of instability and they mean that Rwanda is constantly looking across the border with concern." /PA The Democratic Forces for the Liberation of Rwanda (FDLR) were once known as the Interahamwe. They took the lead in slaughtering 800,000 Tutsis and moderate Hutus. Now they control swaths of land rich in mineral resources and chunks of Congolese

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forest around the city of Goma, where they tax charcoal cutters and keep villagers living in dread. /PA They can sometimes be spotted at the side of the road dressed in olive-green fatigues and wellington boots. Such is the fear that they instil in locals, villagers refer to them simply by the letter "F", rather than be heard talking about the FDLR. /PA In some ways, they exist now as much to make money as wage war, according to Carina Tertsakian, Congo team leader at Global Witness. /PA "When our teams were there they found local people saying the FDLR were the big businessman," she said. "When you have a situation like that, when they are doing quite well from the business, there is little incentive for them to put down their arms." FDLR commanders insist they still plan to retake their homeland. /PA The Tutsi-dominated Government of Rwanda is taking no chances. Last week a draft report compiled by a United Nations panel of experts concluded that Rwanda was supporting General Nkunda as his rebels fought the Hutu militias. /PA It found that General Nkunda's commanders had been using satellite phones to contact senior officials in Kigali and had received weapons, uniforms and recruits from the Rwandan Army. The charges are all denied by Rwanda. Peace talks in Nairobi have so far made little progress although, in a separate initiative, Rwanda and Congo have agreed to launch a joint operation to clear the FDLR from the forests. But for now Congolese villagers are left mired in the aftermath of another country's genocide. /PA { /S 897007722 /SO The Times /PD 19 December 2008 /PG 44 /SCT Features /HD Better treated than the victims;Analysis /BY Jonathan Clayton /TX /PA The elderly Tutsi woman, weak and emaciated from Aids, stared at the men in the dock. "It is hard to recognise them. They have grown so fat," she said in a whisper. "But that one - I am sure it is him. I know the face, but it is different." /PA It was not surprising that she was doubtful about the identity of her alleged rapists. In the eight years since the 1994 Rwandan genocide, when she and thousands of other women were gang-raped by Hutu killers for days at a time, many things had changed. /PA One of the many problems faced by the International Criminal Tribunal for Rwanda (ICTR), which yesterday had its biggest success to date with the conviction of the architect of the genocide, was the delay in bringing the perpetrators to trial. /PA First they had to be found, then transferred to the court. Cases had to be prepared in several languages. Proceedings were painfully slow and the court was attacked frequently for its inefficiency, cost and even corruption. Defence lawyers went on strike complaining that their salaries were much lower than those of internationally appointed prosecutors. /PA Because this is a United Nations court, the accused are housed in a specially built prison under international standards. That means, with three meals a day and access to proper healthcare, they are much better treated and cared for than many of their victims, who eke out an existence in impoverished Rwandan villages. /PA HIV-positive detainees receive proper treatment in sharp contrast to those whom they infected. The old woman had contracted Aids and, with no antiretroviral treatment available in one of the poorest countries in the world, was sick and weak. /PA The ICTR was set up in the northern Tanzanian town of Arusha immediately after the end of the genocide. It struggled to find staff. Rwanda accused it of not doing enough to protect witnesses and of taking too long to bring the accused to trial. At the same time, its deliberations had to meet international standards. /PA Since 1997, when it secured its first conviction, the tribunal - which was separated from a similar UN court for the former Yugoslavia in 2002 - has slowly gone from strength to strength, albeit at a cost of an estimated \$500million (Pounds 320million). /PA It has now handed down forty- two judgments, of which six have been acquittals. It set a number of landmark rulings. One was that rape and sexual violence may constitute genocide in the same way as any other act of serious bodily or mental harm. In the first such case it jailed a former prime minister for life after he pleaded guilty to genocide, and ruled for the first time since Nuremberg that the media could be held responsible for hate crime. /PA With only a year to go before it is wound up the ICTR was desperate to conclude the trial of Theoneste Bagosora. It now has until 2010 to hear all appeals but the UN General Assembly is discussing whether to extend its mandate. /PA The tribunal has signed agreements with Mali, Benin, Swaziland, Italy, Sweden and France, under which these countries will incarcerate those it has convicted. Six are serving their sentences in Mali. It is not yet clear where Bagosora will spend the rest of his days. /PA { /S 897007725 /SO The Times /PD 19 December 2008 /PG 44 /SCT Overseas news /HD Zimbabwe's cholera toll rises above 1,000;Harare /BY Jan Raath /TX /PA The Zimbabwean cholera epidemic has killed 1,111 people since it began in early September and the World Health Organisation gave warning yesterday that its worst-case scenario of 60,000 people infected was a distinct possibility (Jan Raath writes). /PA The WHO reported that 133 people died between Monday and Wednesday and that clinics and hospitals - run mostly by aid agencies - had dealt with 20,581 suspected cases. The deaths shot up last weekend when the disease hit the small town of Chegutu, about 100km (60 miles) west of Harare, causing 121 deaths. "It was explosive," said a doctor, who asked not to be named. /PA { /S 897007727 /SO The Times /PD 19 December 2008 /PG 45 /SCT Overseas news /HD Napoleonic exile remains all too real for islanders;St Helena /BY Catherine Philp /TX /PA For years the islanders of St Helena have dreamt of ending their isolation on what must

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rank as one of the most remote places in the world. /PA Just when they hoped that construction of an airport would drag the tiny British colony into the modern world, however, the project was put on hold by the Government. /PA "The middle of nowhere" is a phrase that could have been invented for St Helena. More than 1,200 miles from the African continent and twice as far again from South America, it was the inspired choice for Napoleon Bonaparte's last place of exile, an outcrop remote enough to thwart the most colossal of imperial ambitions. /PA For the past seven years, however, the 4,000 inhabitants have put their faith in the construction of a Pounds 100 million airport and, with it, the means to the economic self-sufficiency that has eluded them for close to 200 years. /PA That dream was ended by a surprise decision from Whitehall last week. In a statement slipped out quietly to an otherwise distracted Parliament, the Department for International Development said that the Treasury could not fund the project. "As a result, there will be a pause in negotiations over the St Helena airport contract," Douglas Alexander, the Secretary of State for International Development, wrote. The longed-for airport had fallen victim to the credit crunch. /PA With a per-capita income of only Pounds 4,500, St Helena depends on the British taxpayer for Pounds 17 million a year for its survival. The one-off investment in the airport could have reversed all that, the islanders insist. /PA On the wild, windy and beautiful shores of St Helena a revolution is brewing. Whether this is a hiccup or a permanent end to the project nobody knows. The councillors of the island wrote to Mr Alexander of their "bitter disappointment from the repeated raising of expectation that have subsequently been dashed". /PA They added: "Our electorate of Saints is renowned for loyalty to Britain, but if this current statement is hiding an indefinite delay in an airport, then we are certain there will be a very negative backlash." /PA But how? Marching on Downing Street is barely an option. The journey to London takes two weeks by ship, or one to Cape Town from where they could fly. The lifeline of the island is the ageing RMS St Helena, the last working Royal Mail ship, which sails twice yearly from Portland. /PA Storms can cut the island off and when the ship does reach it, motor launches are needed to bring people and supplies to shore. The few cruise ships that visit bring little economic benefit to the island. They cannot moor there so passengers spend little time on shore. /PA The airport was meant to change all that. The project, which was scheduled for 2012, galvanised islanders to plan for a future with tourism as their main income. Industry experts trained hospitality personnel; tenders were taken to build upmarket boutique accommodation. Plans were hatched to lure back hundreds of young islanders who had left St Helena in search of opportunity. /PA "All our plans for the future were based on the airport project," Eric Benjamin, one of the councillors, told The Times by telephone. "We are devastated." /PA Before the island came under Crown control in 1834, as many as 100 ships a week called at it. The island was a crucial supply point on the route around Africa to India. The building of the Suez Canal heralded a decline that has continued until today. /PA London insisted that the project is merely on hold. The Saints wonder for how long, and whether approval will come too late to reverse its terminal, but graceful decline. /PA Opposition to the airport does exist - among those who fear for the unique, otherworldly character of the island. They are few however, the councillors suggest. /PA "I was at the Nativity at the school last night and I looked at all the children and thought, what future do we have to offer you here?" Mr Benjamin said. "This is the worst Christmas present we could have dreamt of." /PA { /S 897007728 /SO The Times /PD 19 December 2008 /PG 46 /SCT Overseas news /HD Could plunging oil prices make Tehran more friendly?;World Briefing /BY Bronwen Maddox /TX /PA Iran will stop exporting fuel oil in the new year, officials announced yesterday. It needs it for its own people. That is a measure of how the plunge in oil prices from \$140 a barrel to \$40 is hurting the world's fourth-largest oil exporter. /PA Is this the shock that might nudge Iran's leaders to think again about their nuclear ambitions? To be blunt, probably not. Nothing so far has made them budge from the goal of enriching uranium in a way that would put a nuclear weapon within reach. /PA All the same, the sharp fall in the oil price, coming at a crucial stage in Iran's nuclear work, does strengthen diplomatic efforts to dissuade the Tehran Government. It may even topple that Government. Those who have been trying - and failing - to persuade Iran to change direction now wonder whether the sudden shock of plunging national income might persuade Iranians to pick a new president in the June elections. Mahmoud Ahmadinejad's promise to put oil money on the tables of Iran's poorest people - a slogan that people were delighted to interpret entirely literally - won him the presidency in a shock result in August 2005. But by last summer, many were grumbling that he had failed. Now, the oil money has run short as well. /PA Last week the President acknowledged for the first time, through the official IRNA news agency, that the Government will have to cut spending and subsidies for food and fuel, as well as raise taxes. He added that the budget would have to cope with oil at between \$30 and \$35 a barrel. Analysts reckon the budget last year was based on oil at about \$90 and even this year a balanced budget appeared to require oil at around \$60 a barrel. A new president in Iran - as well as one in the US - would allow a new attempt to see whether Iran is open to a deal. The best that can be said of the incoherent and constantly changing mix of

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sanctions, vague military threats and trade inducements that the US and Europe have lobbed at Tehran for six years is that they have left the Iranian leadership unclear about what those countries are prepared to do to stop the nuclear work and so, arguably, more cautious. /PA Barack Obama tied himself in knots early in his campaign about whether he would talk to Iran. His first answer - broadly, yes - was his best. For the US not to have relations of any sort with Iran is self-defeating. /PA One of the least productive reflexes of US foreign policy has been to regard the granting of contact with American officials as a prize in itself, not a means to an end. All the same, Obama will need to devise some kind of technical contact to explore a deal that could not be portrayed as a prize. /PA It may still not work. Much of the current analysis of how to deal with Iran's nuclear work (such as an excellent report by Mark Fitzpatrick, of the International Institute for Strategic Studies in London) focuses on how to persuade it not to make enriched uranium into a bomb. It acknowledges that Iran is nearly there. /PA But, for the first time in the six years since Iran's secret nuclear work was exposed, the Government may want trade with other countries and a solid prospect of affluence for its people even more than it wants to boast of nuclear success. /PA { /S 897007729 /SO The Times /PD 19 December 2008 /PG 47 /SCT Overseas news /HD Sunni officials held as Iraqi poll exposes old faultlines;Iraq;Factbox /BY Oliver August in Baghdad /TX /PA Dozens of officials and military officers at the Iraqi Interior Ministry have been arrested in a sectarian turf war between the Prime Minister and his opponents before elections next month. /PA The arrested officials include Sunni Muslims and some members of the opposition Constitution party. They were accused of being members of the banned Baath party and of plotting a coup. They denied the charges. The arrests were reportedly carried out by a military unit controlled by Nouri al Maliki, the Prime Minister, a member of the majority Shia community. /PA The power struggle exposed the deep sectarian faultlines in the Iraqi Government. It also dented the more positive impression of Iraq given by President Bush and Gordon Brown during their visits to the country. /PA A spokesman for the ministry said that "the officers were arrested inside (it). They were connected to the Baath party." Some estimates put the number of those detained as high as seventy, including four generals. Others suggested that most of those held were low-ranking. /PA Ibrahim al-Sumaidi, an assistant in the ministry and a member of the Constitution party, told The Times: "This is a move against our party. They are trying to get all the Sunni officers out of the ministry. It's a political game, not a coup." /PA General Ahmed Abu Razeef, who The New York Times reported had been one of those arrested, gave a news conference at the ministry to show that he was not involved. "I am still in the ministry, carrying out my duties and these accusations are baseless," he said. /PA Jalaluddeen al-Sagheer, an influential MP, denied that those arrested were planning a coup. He said: "It is impossible to have a coup in Iraq today. It's possible to have an uprising but not a coup." /PA Critics of Mr al-Maliki have accused him of arresting political enemies to consolidate his power before provincial elections due to be held at the end of next month. Mr al-Maliki was persecuted by the Sunni-led regime of Saddam Hussein and has found it difficult to form working relationships with factions of the Sunni minority. /PA A law was approved in January to allow members of the former Baath party of Saddam to return to government posts in an attempt to unite rival factions in Iraq. /PA ACT OF CONCILIATION /PA * The Accountability and Justice Law was designed to increase Sunni participation in government /PA * This was seen as a key step in reconciling the Shias and Sunnis /PA * Lawsuits can be filed against members of the Baath party who caused suffering /PA * A committee vets former party members for official employment /PA Times archives /PA { /S 897007730 /SO The Times /PD 19 December 2008 /PG 47 /SCT Overseas news /HD Basra murder ruling /BY Michael Evans, Defence Editor /TX /PA Two Iraqis held in military detention in Basra since 2003 on charges of murdering British soldiers will find out today if they are to be handed over to the Iraqi authorities, put on trial in Britain or released. /PA Faisal Attiyah Nassar al-Saadoon, 56, and Khalaf Hussain Mufdhi, 58, are accused of the execution-style killing of Staff Sergeant Simon Cullingworth and Sapper Luke Allsopp, both bomb disposal specialists of 33 Engineer Regiment. After they were charged, the case was transferred to the Iraqi Higher Tribunal in Baghdad, the court that tried Saddam Hussein. /PA The decision presented the British authorities with a legal dilemma: they wanted the men to be prosecuted but under Iraqi law a murder conviction would normally lead to the death sentence. The High Court in London will deliver a judgment today on whether they are to be released or handed over to the Iraqi court authorities. /PA { /S 897007731 /SO The Times /PD 19 December 2008 /PG 48 /SCT Overseas news /HD Franco toppled in last bastion;Madrid /BY Graham Keeley /TX /PA (Photograph) - A crane yesterday hoisted away the last remaining statue of General Francisco Franco on the Spanish mainland, 33 years after the dictator's death (Graham Keeley writes). /PA The effigy of the man who ruled the country from 1939 to 1975 was taken down in Santander and will now be displayed in a city museum. /PA It is the latest in a series of statues to be taken down in recent years, in line with a "law of historical memory" passed by the Spanish Socialist Government last year, which prohibits public monuments and plaques to Franco. /PA /PH Graphic;Photo.

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Caption not available { /S 897007735 /SO The Times /PD 19 December 2008 /PG 48 /SCT Overseas news /HD Athens shooting sparks new riots;Athens /BY John Carr /TX /PA Fresh riots broke out after a demonstration by students and trade unionists turned violent at the news of a non-fatal shooting of a communist youth (John Carr writes). /PA The hooded anarchists behind rioting last week took to the streets again, joining about 500 people who had occupied the Athens University law school and attacking riot police with petrol bombs. Several people were arrested. /PA The latest violence was triggered by reports that a 16-year-old boy had been shot in the arm while sitting on a park bench. It is not known who fired the bullet. /PA { /S 897007736 /SO The Times /PD 19 December 2008 /PG 49 /SCT Overseas news /HD PoWs enslaved by Prime Minister's family business;Japan /BY Leo Lewis in Tokyo /TX /PA Bundles of documents stored in a basement and left to gather dust since the 1950s have forced Japan to acknowledge for the first time the use of slaves in wartime by Aso Mining - the family business of the Prime Minister. /PA Health Ministry records that were released yesterday after a long struggle between opposition MPs and the civil service appear to confirm that the company used hundreds of British and Australian prisoners of war as slave labourers to dig coal in its mines. /PA Worse still, said Yukihiisa Fujita, the MP chiefly responsible for tracking down the papers, the stash of other records still in the Health Ministry may implicate dozens of other Japanese companies in similar schemes. /PA Japan has owned up previously to the use of Korean slave labour during the war but the documents forced the Government of Taro Aso to admit for the first time that European prisoners toiled in Japanese mines under similar conditions, Mr Fujita told The Times. /PA Hirofumi Nakasone, the Foreign Minister, said that he would consider a wider investigation into slave labour. /PA The discovery of the papers - and their dramatic appearance in the hands of Mr Fujita at a parliamentary committee meeting yesterday afternoon - could provide yet more political ammunition for the many opponents of Mr Aso, whose short tenure as Prime Minister has been marred by controversy and plunging public approval ratings. /PA Mr Aso, who has confronted popularity levels that have felled previous Japanese prime ministers, is now fighting not only for his own leadership survival but for the life of the Liberal Democratic Party, the political monolith that has governed Japan in a nearly unbroken 54-year run of power. The corridors of parliament are thick with rumours of party rebellions, breakaway factions and of a fundamental realignment of Japanese politics: few believe that Mr Aso has the skills, strategy or support to navigate his party through the next few months intact. /PA While Mr Aso, a divisive nationalist, has scrambled ever closer to the pinnacle of Japanese power, he has played down or ignored awkward questions about the murky history of the company that his father, Takakichi, ran during the war. Although the allegations of slave labour have been a constant thorn in the side of Mr Aso in recent years, a supposed lack of hard evidence has allowed him to limit the damage to his reputation. /PA Before taking over as leader in September, Mr Aso was challenged directly over the history of the family business. Once again he refused to confirm any details about the business, whose offshoot, Aso Cement, he ran in the 1970s. "I was only five years old when the war ended, and have no memory of that time," he said. /PA The refusal to acknowledge that side of the Aso company history has become more controversial as more evidence has emerged to confirm the allegations. Documents from the United States National Archive, submitted by the Aso Mining company to the Supreme Commander for the Allied Forces in 1946, include a letter from the head of the company's Yoshikuma Coal Mine in Fukuoka to General Gen Sugiyama, the Minister of War. The letter, dated February 22, 1945, politely requests permission to use 300 prisoners in the mines to undertake 12-hour working days for a year. /PA The typed document, produced on company paper, asserts that the prisoners of war were suitably fed and clothed and treated decently. Survivors of the ordeal have given very different versions of 15-hour days of forced labour in primitive conditions, with remorseless and exhausting work, starvation and beatings. /PA Arthur Titherington, of the Japanese Labour Camp Survivors' Association, told The Times that he was aware of the use of prisoners of war in the coalmine. "I was also forced to work in a mine as part of Japan's slave labour programme, although not the coalmine linked to the present Japanese Prime Minister. I had to work in a copper mine in Taiwan and I'm sure we were all treated in the same way, which was very badly," he said. /PA The report was not accepted by the Japanese Government as absolute proof of the allegations, leading to a quest by opposition MPs for any shred of material archived in Japan that might authenticate the documents discovered in Washington. That quest ended in a storeroom yards below the political heart of Tokyo with the discovery of a 43-page record. It detailed how Allied prisoners of war were deployed throughout a network of camps used to service the mines. Next to the entry for Camp No 26 - the one believed to have provided men for the Aso mines - is written: "Brit: 101, Dutc 2, Aust 197, Total 300". /PA Senior government members at the parliamentary committee meeting were forced to admit that the US documents now "seemed authentic" when they were presented with the papers. /PA { /S 897007738 /SO The Times /PD 19 December 2008 /PG 50 /SCT Overseas news /HD Seat for sale scandal puts politics on

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trial;United States /BY Tom Baldwin in Washington /TX /PA The scandal washing around Rod Blagojevich, the Illinois Governor, has sent ripples of unease through an American political establishment that has long traded favours or appointments for campaign donations. /PA Some suspect that the only difference between the traditional deal-making that lubricates Washington and the effort to sell Barack Obama's vacant Senate seat was that the Governor got caught. /PA Mr Blagojevich's lawyer, Ed Genson, said yesterday that the case was "much ado about nothing" as he declared that his client would fight the charges and delay a decision on filling the seat. Others are asking if Congressman Charlie Rangel will be subjected to a FBI inquiry for allegedly backing a tax break to Nabors Industries in return for contributions from the company's chief executive to an education programme bearing the Democrat's name. /PA The naming of ambassadors, however, appears to be a particular problem. About one third of the plum postings abroad have been awarded by administrations from both parties to friends, fundraisers and donors with no diplomatic training. They are said to have included an Ambassador to France who did not speak French. /PA Robert Tuttle, the Ambassador to London, used to be a car dealer who raised at least \$100,000 for President Bush's election campaign and gave a similar sum to his inauguration fund. A former Ambassador to France was an investment banker appointed by Bill Clinton after giving an estimated \$600,000 to Democratic party causes - including the campaign of the former President. /PA Political appointees often signalled to host countries that Washington disregarded the importance of relations, said Ronald Neumann, who heads the American Academy of Diplomacy. "This is a vestige of the spoils system. The difference with Blagojevich is that he was caught on tape." /PA { /S 897007742 /SO The Times /PD 19 December 2008 /PG 51 /SCT Overseas news /HD Clinton donor list raises new fears on impartiality;United States /BY Tim Reid in Washington /TX /PA Bill Clinton has raised millions of dollars from governments and politicians in the Middle East and Asia, raising fresh concerns about the impartiality of his wife's role as Secretary of State. /PA The US company Blackwater, whose fate as a provider of private security guards to the US State Department in Iraq is likely to be decided by Hillary Clinton next year, also gave her husband's foundation up to \$25,000(Pounds 16.000), according to a list of 205,000 donors that the former President released yesterday. /PA Five Blackwater guards were charged with manslaughter last week over the shooting of 17 Iraqi civilians in September 2007. /PA Mr Clinton has raised at least \$46million from Saudi Arabia and other foreign governments for the William J. Clinton Foundation, which was created to fund his presidential library and fight poverty and disease worldwide. The kingdom gave between \$10million and \$25million. Other governments on the list include Kuwait, Qatar, Brunei, Oman, Italy and Jamaica. /PA After years of refusing to divulge his donors - he is not legally obliged to do so - Mr Clinton was forced to release the list to assuage concerns about conflict of interests between his international philanthropic fundraising efforts and the worldwide diplomatic role of his wife. /PA Yet the list, particularly the foreign governments and the large sums given by Saudi Arabia, will inevitably play a role at her Senate confirmation hearings next year. The list did not give exact donations - only ranges of giving - and ran to nearly 3,000 pages. /PA "I want to personally express my deepest appreciation to our many contributors, who remain steadfast partners in our work to impact the lives of so many around the world in measurable and meaningful ways," Mr Clinton said. /PA The release of the list underscored the ties between the Clintons and Indian politicians and business moguls at a time when the US relationship and influence with Pakistan will be a central element of foreign policy for Barack Obama. /PA Mr Clinton received donations ranging between \$1 million and \$5 million from Amar Singh, an Indian politician; a donation in the same range from a wind turbine supplier owned by Tulsi R. Tanti, one of the wealthiest Indian businessmen, and between \$500,000 and \$1million from the Confederation of Indian Industry. Donors gave at least \$492million from the inception of the foundation in 1997 to the end of last year. /PA Frank Giustra, a Canadian mining executive, who either personally or through his company donated up to \$30million, flew Mr Clinton to Kazakhstan on his private jet in 2005. Mr Giustra won a mining contract in Kazakhstan and later made donations to the foundation. /PA One of the two biggest donors was the Children's Investment Fund Foundation in London. /PA The list is at clintonfoundation.org/contributors /PA { /S 897007743 /SO The Times /PD 19 December 2008 /PG 53 /SCT Overseas news /HD The on-off 'dome' opens to deafening silence;Brazil /BY Dominic Phillips in Rio De Janeiro /TX /PA It is meant to be Rio de Janeiro's equivalent of the Sydney Opera House. Instead it may end up as its Millennium Dome. /PA The Cidade da Musica, or City of Music, is a dramatic complex of concert halls, rehearsal spaces, shops, gardens and cinemas that opened last night in the middle-class suburb of Barra da Tijuca. /PA At Pounds 141 million it is six times over its original budget and it is not even ready. Fire officers allowed the official opening to be held last night but members of the public were not allowed to attend it. /PA The Cidade da Musica was one of the most controversial projects of Cesar Maia, the outgoing Mayor of Rio. It was put on hold for two years when resources were diverted towards building stadiums for the Pan-American Games, which were held

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in Rio in 2007 and were regarded as a success that bolstered the bid by the city to host the Olympics in 2016. It is one of the final four candidates. /PA When work resumed costs went up by 30 per cent and, according to one source, have eaten up a quarter of the construction budget of the city. Eduardo Paes, who takes over as mayor on January 1, called it a profound mistake during his election campaign. He is contemplating withholding the Pounds 9.4 million needed to finish it. /PA Christian de Portzamparc, the architect of the building and the winner of the 1994 Pritzker Prize, said that the project was almost complete. "The mayor told me he wanted to give something to Barra as a public symbol," he said. "Barra was developed very quickly - many condominiums, no public places." /PA There is no denying that the design is bold, in contrast to the characterless shopping malls and apartment towers in Barra. In a city where 25 per cent of the population live in favelas, or slums, however, many believe that the Cidade da Musica is a waste of money. /PA "This project is absurd," said Rubens Andrade, a councillor and member of a commission that investigated the over-spend. "Rio has many more important things, a lot of music schools and cultural groups that deserve this money." /PA The symphony orchestra of the Municipal Theatre in Rio will perform in the building on Sunday and Monday - even though the acoustics are not ready either. "When you do it fast sometimes you lose the quality," Nanda Eskes, an administrator on the project, said. /PA { /S 897007744 /SO The Times /PD 19 December 2008 /PG 55 /SCT Overseas news /HD A decade after the killing of the fashion designer Gianni Versace, the owners of his Miami villa are opening it up to visitors /BY Anne Barrowclough /TX /PA A decade after the killing of the fashion designer Gianni Versace, the owners of his Miami villa are opening it up to visitors, charging \$10,000 (Pounds 6,700) to stay overnight in the fashionista's suite (Anne Barrowclough writes). The villa has Michelangelo-style ceilings, a lion-skin rug, and gilt everywhere. The tour of Casa Casuarina - at \$65 - includes the courtyard, dining room and a marble lavatory with a golden seat. /PA { /S 897007745 /SO The Times /PD 19 December 2008 /PG 55 /SCT Overseas news /HD Nice runner, 278 million miles, one owner, just Pounds 27m;United States /BY Jacqui Goddard in Miami /TX /PA For sale: second-hand spaceship, one previous owner, launchpad and crew not included. Price: \$36 million, plus \$6 million for shipping and handling, or Pounds 27 million in all. /PA Nasa is seeking new homes for its three ageing space shuttle orbiters after they are decommissioned in 2010. With 278 million miles on the clock between them, however, interested parties may want to keep a spanner handy. /PA The cash-strapped space agency has written to museums, educational institutions and what it terms other appropriate organisations, inviting them to snap up a piece of history as it prepares to retire the shuttle fleet and make way for a new manned spaceflight programme: Constellation. /PA The asking price, which applies to each vehicle, covers the cost of making the orbiters safe for public display, including decontaminating toxic fuel systems, and transporting them to their final destination. /PA Amateur astronauts need not apply. In a document touting for business, Nasa makes clear that it will only allow the spacecraft to end up in a suitable place. The proposed fee is only an estimate and subject to change, Nasa said. /PA "It does not take into account special measures that may be required in specific situations, such as transporting the orbiter long distances over public roadways which may require removal of light posts and traffic signals, or transport by barge over water," the document explains. /PA With two million moving parts and 150 miles of internal wiring, the space shuttle is the most complex machine ever created. Designed in the 1960s and pressed into operation in 1982, it is the first reusable spacecraft capable of routinely launching into orbit like a rocket and then returning to Earth as a glider. /PA Only six shuttles have been built, though the first - Enterprise - was a test model and never flew in space. Challenger was lost in 1986 when it exploded 73 seconds after its launch from Kennedy Space Centre in Florida and Columbia broke apart while returning from a mission in 2003. The disasters claimed the lives of 14 astronauts. /PA Three orbiters remain: Endeavour, Atlantis and Discovery. Between them, they have travelled 12,020 times around the Earth, taking astronauts on missions to the International Space Station and Hubble Space Telescope, lifting satellites into orbit, and costing US governments around \$170 billion. /PA The fleet is due to fly eight more missions before being taken out of service in September 2010, clipping America's wings until 2015 when Constellation is due to go live, with the intention of taking man back to the Moon by 2020 and thereafter to Mars. /PA But Constellation's hefty price tag and unease over alleged design flaws have attracted the scrutiny of Barack Obama, the President-elect, who it is thought may order the programme to be scaled down and the shuttle's lifespan extended. Such a prospect is said to have caused friction in recent weeks between the head of Nasa, Michael Griffin, and officials working for Mr Obama. /PA One shuttle is already earmarked to spend its retirement at the Smithsonian Institution National Air and Space Museum in Washington, home to some of America's most treasured aeronautical artefacts, including the 1903 Wright Flyer, the world's first powered aircraft. /PA Anyone eyeing the other two may be advised to measure up for parking space first; a shuttle standing horizontally measures 122ft (37m) in length, with a wingspan of 78ft. /PA Backyard blast-offs will be out of the question. Engines, rocket

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boosters and fuel tank are not included. /PA { /S 897007746 /SO The Times /PD 19 December 2008 /PG 57 /SCT Business /HD Investment banks pitch to run Royal Mail sell-off /BY Helen Power and Christine Buckley /TX /PA The Government has held a beauty parade to find an investment bank to advise it on the part-privatisation of the Royal Mail. /PA The Department for Business, Enterprise and Regulatory Reform, headed by Lord Mandelson, plans to allow foreign investors to take a stake of up to 33 per cent in Royal Mail - a move that has outraged unions and Labour back benchers. /PA It is understood that Morgan Stanley, Credit Suisse, UBS and Goldman Sachs pitched for the government work yesterday and that Royal Mail will be separately advised by NM Rothschild, its longstanding adviser. Royal Mail has also hired Slaughter and May, the City law firm. /PA The battle for the mandate will be hotly contested. With lucrative mergers and acquisitions work thin on the ground since the credit crunch, the Royal Mail disposal is one of the few deals of any size around. /PA The Business Department is expected to announce further details of the disposal process to Parliament in the new year, but may appoint its investment banking adviser before then. The Government must also introduce enacting legislation before it can sell the Royal Mail stake. /PA But yesterday's beauty parade emphasises the speed with which the Business Department intends to push through the sale in the teeth of opposition from the unions and some Labour backbenchers. /PA TNT, the Dutch postal giant, became the front-runner for a new "strategic partnership" with the publicly owned mail business this week after Lord Mandelson welcomed its expression of interest. /PA It emerged yesterday that CVC would also be interested in bidding. A spokesperson for the private equity house declined to comment, but it is understood that CVC will consider a bid even though it has yet to express its interest formally. CVC acquired a 22 per cent stake in Post Danmark from the Danish state in 2005 in a partial privatisation. CVC and Post Danmark then together bought a 50 per cent stake in De Post - La Poste, the Belgian postal service, in 2006. The private equity house could structure a bid for the Royal Mail stake in a similar way, using one of its portfolio companies as a vehicle. /PA The news of CVC's possible bid provoked outrage among unions yesterday. A spokesman for the Communication Workers Union told The Times last night: "The prospect of a venture capital group buying part of the British postal service demonstrates the danger of any sell-off." /PA The union is fundamentally opposed to any private sector involvement and is expected to launch a strong campaign with Labour backbenchers in the new year. It is thought that the opposition could be one of the biggest faced by Gordon Brown's administration, and the dispute puts the union's financial backing of the Labour party in jeopardy. /PA { /S 897007747 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD SVG slashes Pounds 467m off value of Permira portfolio /BY Helen Power and Dominic Walsh /TX /PA Permira, the private equity house, is facing hundreds of millions of pounds of writedowns on companies it bought at the top of the market. /PA SVG Capital, the listed fund that backs Permira, told investors yesterday that it has written down the value of 13 of the buyout firm's biggest holdings in companies by Pounds 467 million. Permira is not bound to follow SVG's valuations when it revalues its portfolio this month, but the figures are likely to be broadly similar. /PA Permira declined to comment, but a source close to it emphasised that it could hold its companies for five or six years, by which time asset prices might have rebounded. However, the firm's timing has been particularly bad. The private equity house invested heavily between summer 2006, when asset values were at their highest, and this spring, when prices collapsed. /PA SVG has completely written off the value of two of Permira's businesses, and reduced two more to a nominal Pounds 1 million valuation. Among other impaired investments, Permira bought 51 per cent of All3Media in September 2006 in a deal that valued the whole company at Euro 484 million. Principal Hotels, which owns the Russell in London and the George in Edinburgh, was bought out by Permira for Euro 487million in the same month. The value of another UK company, Birds Eye Iglo, the frozen food business, was cut from Pounds 32million to Pounds 13 million. /PA The biggest writedowns were on Permira portfolio companies in Italy, the United States and China. SVG cut its valuation of a stake in Valentino Fashion Group, of Italy, from Pounds 144million in June to Pounds 49 million this month; Freescale, a US IT company bought in November 2006, was slashed from Pounds 121 million to Pounds 36 million, and Galaxy Entertainment Group, of China, acquired in November 2007, was cut from Pounds 66 million to Pounds 10 million. /PA The Times revealed yesterday that SVG had called in JPMorgan Cazenove to investigate a capital raising. The listed fund is raising Pounds 200 million in a heavily discounted rights issue to bolster its balance sheet. It is expected to announce this morning that it has completed the issue /PA { /S 897007748 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD 550,000 US jobs lost /BY /TX /PA The number of Americans filing new claims for unemployment benefit has fallen but remains at high levels. Just over 550,000 people lost their jobs last week, down 21,000 from the week before. Omnicom, the world's largest advertising group, said that it would cut about 5 per cent of its workforce, or 3,000 jobs, globally. /PA { /S 897007749 /SO The Times /PD 19 December 2008 /PG 57 /SCT Business /HD SVG squeeze; Business Editor's

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commentary;Opinion /BY David Wighton /TX /PA SVG Capital's Pounds 200 million fundraising highlights the pressure that private equity firms face on every front. The value of their investments is tumbling, funding commitments are being torn up and lenders are extracting their pound of flesh. SVG's shares sank to 115p, down from this year's high of 791p. Meanwhile shares in 3i, Europe's biggest listed buyout firm, are trading below the 1994 flotation price. 3i's problems are not as acute as SVG's. But having taken on too much debt in the good times, life is getting very uncomfortable. /PA { /S 897007750 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD Ten years for Tanzi /BY /TX /PA Calisto Tanzi, the founder of Parmalat, the Italian dairy group, was sentenced to ten years in prison for market-rigging. Tanzi, 70, stood trial with seven other former Parmalat executives and bankers, including three former Bank of America employees, over events that led to Parmalat's collapse in 2003. Page 64 /PA { /S 897007751 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD Nectar tycoon takes stand against Coutts over investment in AIG bonds /BY Patrick Hosking, Banking and Finance Editor /TX /PA We emphatically deny mis-selling, bank says /PA The tycoon behind Nectar loyalty cards has started a campaign to shame Coutts after the bank allegedly advised him to keep his money in savings bonds issued by AIG, the troubled American insurer. /PA Sir Keith Mills, who was a major cheerleader in London's successful bid for the 2012 Olympics, has created a website as a rallying point for other well heeled clients of the private bank to join him in pressuring it to pay compensation. /PA Sir Keith said he assumed that other Coutts customers, who range from the Queen to several England footballers, might have similar grievances against the government-controlled bank. /PA He banked Pounds 160 million last year after selling LMG, the Nectar business, and he is thought to have a substantial sum tied up in AIG bonds. /PA His claim raises the politically charged **prospect** of some of the wealthiest people in the country applying for compensation from an organisation owned by Royal Bank of Scotland and therefore underwritten by taxpayers. /PA Coutts last night emphatically denied that it had mis-sold the bonds, AIG Life Premier Bonds, and said that it had made plain to Sir Keith and other customers that the bonds, though low-risk, were not risk-free. /PA A full-page advertisement due to appear in The Times today, setting out Sir Keith's allegations, was withdrawn last night on legal advice. /PA Well-to-do and rich British investors placed Pounds 5 billion in the AIG investment products, which took the form of single premium life insurance bonds with a minimum investment of Pounds 100,000. As recently as September the bonds offered an interest rate of 6.5 per cent gross. /PA Many institutions sold the bonds to their clients including high street names such as Barclays, HSBC and UBS. /PA Coutts, according to Sir Keith, recommended that he buy the bonds as a safe alternative to bank deposits and allegedly told him that it had no concerns, even after AIG started to receive negative publicity. /PA Bondholders' money was frozen in September as investors rushed to redeem their money in the wake of AIG's well-publicised problems in America. Those attempting to take out their money now face losses of about 131/2p in the pound. /PA AIG, once the world's biggest insurer, was sunk by huge losses on credit insurance and in September was bailed out by the American Government with an \$85 billion credit facility. It is now 80 per cent state-owned. /PA On his website, couttsaigactiongroup.org, Sir Keith accused Coutts of recommending the bonds as a way of protecting his capital and called on other clients to join his ginger group. /PA Coutts is wholly owned by Royal Bank of Scotland, which is 58 per cent owned by the Government after it failed to raise rescue capital from its shareholders last month. /PA Coutts said that while it was very understanding of Sir Keith's situation, the bonds were sold with the appropriate advice and it had complied with the Financial Services Authority rules: "At the time of sale it was made clear that the investment was low risk but not risk-free, and that the value of the investment could go up as well as down." /PA The bank said that it was lobbying AIG on behalf of all its clients affected by the problem bonds to negotiate the best outcome for them. Clients **needing** instant cash were being offered loans of up to 100 per cent of the frozen funds at "competitive" interest rates. /PA Shares in RBS slumped by 8 per cent yesterday to 461/2p amid growing speculation that the bank might **need** more capital in addition to the Pounds 20 billion already injected by the Government. /PA Ministers paid 651/2p for the shares just three weeks ago, leaving them nursing paper losses of Pounds 4.4 billion at yesterday's close. /PA Speculation is growing that RBS is considering much bigger job losses than the 3,000 cuts confirmed last month in the global markets division. McKinsey, the management consultant, is advising Stephen Hester, the new chief executive, as part of a strategic review into the bank. /PA As well as Nectar, Sir Keith founded the Air Miles loyalty card business before selling it to British Airways. /PA { /S 897007752 /SO The Times /PD 19 December 2008 /PG 57 /SCT Business /HD No disgrace in asking for more;Business Editor's commentary;Opinion /BY David Wighton /TX /PA No one of right mind would, in these extraordinary times, rule out the possibility of resorting to a rights issue. Bradford #38; Bingley famously made just that gaffe last spring only to have to embark on a series of U-turns and botched capital-raising which ended in its baleful nationalisation. /PA So, HSBC is quite right to maintain a

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dignified silence in the face of growing speculation that it is considering tapping its shareholders for extra capital. /PA Britain's biggest bank is certainly in no need of an immediate capital injection. Its Tier 1 capital ratio at the end of September was a meaty 8.9 per cent - at the top of its target range of 7.5 to 9 per cent. Its core Tier 1 capital was 7.9 per cent - still higher than several of its rivals. /PA In normal times, being too strongly capitalised is folly. Existing shareholders can be diluted by unnecessary rights issues and the balance sheet inefficiently run. But there are times when a balance sheet simply cannot be too bomb-proof. With every fresh writedown and lending boob, a bank's capital cushion is eroded and HSBC is no exception. Only this week it waved goodbye to a probable \$1 billion after lending to investors in Bernie Madoff's fairytale hedge fund. With a large chunk of its assets in the nations worst hit by the housing downturn and credit crunch, Britain and America, HSBC is now finding that its Asian roots are no protection against shareholder anxiety. /PA HSBC had seemed immune to the sell-off afflicting rival banks. But the past few days have seen its shares under pressure, down another 463/4p to 6251/4p yesterday. They are now approaching a low last plumbed in 1999. The shares now yield close to 10 per cent - this at a company that can't remember the last time the dividend was cut. But the market now says that the payout will probably have to be cut. For the HSBC board, this is a tough call. /PA There is no longer much disgrace in succumbing. Even Standard Chartered, the darling of the UK banks, opted for it, yesterday reporting a 97 per cent take up for its \$2.7 billion capital top-up. /PA Nobody knows how bad the global economy could get. Conditions are getting worse at an accelerating pace. HSBC wouldn't be blamed if it chose to raise money sooner rather than later. A flood of rights issues is expected next year and some institutional shareholders worry that there will not be enough money to go round. /PA { /S 897007753 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD Quote of the day /BY /TX /PA (Photograph) - 'We have been asleep at the switch' Barack Obama, the President-elect, promises to strengthen financial regulation when he takes office next month. /PA Page 66 /PA /PH Graphic;Photo. Caption not available { /S 897007754 /SO The Times /PD 19 December 2008 /PG 57 /SCT Business /HD A close look and they take flight;Business Editor's commentary;Opinion /BY David Wighton /TX /PA Matilda has waltzed off in search of some Asian sensation, leaving Willie Walsh, the British Airways chief, looking downcast on the dancefloor. /PA What is BA to do without Qantas? Is it more talks with Iberia, or a resumption of the endless legal wrangle over anti-trust clearance for an American affair? /PA Rumour has it that the BA board left a message with Mr Walsh: do a deal, any deal. BA's failure to find a partner is becoming embarrassing. For years, the British carrier said it wanted to be at the heart of airline consolidation. There were three attempts to get hitched with KLM but BA gave up in 2000, complaining that it couldn't agree a merger structure with the Dutch. Four years later, Air France did the job and in the meantime Lufthansa has gobbled up every spare carrier in the room. Softly, softly, Lufthansa is building a dominant market position in the heart of Europe. It has won Swiss and over the past year has announced plans to get control of British Midland, Austrian Airlines and Brussels Airlines. /PA Of course, BA in the past talked to Swiss and it talked to Alitalia (Air France looks like it might do a deal with a resurrected version of the Italian carrier) but nothing came of it. /PA Willie's loyal mates are quick to point out that it was Qantas that first made eyes at BA, not the other way round. But it seems that Alan Joyce, the new Qantas chief, is less enamoured with BA than his predecessor Geoff Dixon, who started the talks in August. And then there is small matter of BA's Pounds 1.7billion pension fund deficit, which is a turn-off for any suitor. /PA BA was yesterday blaming Australian nationalism for the collapse of the talks. The companies were originally talking about a 50-50 deal but the leaking of the discussions provoked a media and political outcry at the idea that Australia might lose majority control of its national flag carrier. /PA Qantas then started demanding a majority stake and a headquarters in Sydney. Of course, some bright spark may have leaked the talks to put pressure on BA to compromise rather than face being jilted again. But BA braced itself for the inevitable snickering and said no. /PA The truth is that BA stood to gain much more from this deal than Qantas, notably access to Asia. If there is to be any traffic growth over the next five years, it will be there, not America. /PA The end of the Qantas talks makes it more likely that BA will now do a deal with Iberia, which would offer more potential cost savings. But the talks have been grinding on for months. If the Spanish walk away Mr Walsh will be under intense pressure to find something else. /PA Aer Lingus is spoken for but what about Icelandair? It might be cheap. /PA { /S 897007755 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD FM radio shutdown;Obama drawing up \$850bn revival plan /BY /TX /PA FM radio should be switched off in the next decade, with listeners forced to buy digital sets, the Digital Radio Working Group is expected to conclude today. The government-backed body will say that national and major local stations could be forced on to digital as soon as 50 per cent of listeners use DAB digital sets. /PA { /S 897007756 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD Obama drawing up \$850bn revival plan /BY /TX /PA Barack Obama's economic team is understood to be devising a financial recovery package worth

as much as \$850billion over the next two years, but the final sum could be even higher. Advisers to the President-elect's transition team hope to have the package ready for when Congress returns on January 6 so that the legislation can be seen by the House and the Senate before he is inaugurated on January 20. /PA { /S 897007757 /SO The Times /PD 19 December 2008 /PG 56 /SCT Business /HD Toyota in reverse /BY /TX /PA Toyota is expected to report its first operating loss for the year ending March 31 as sales plunge and the yen strengthens. The world's biggest carmaker has never reported an operating loss since it began releasing earnings in 1940. Toyota has said that it will announce revised 2009 sales forecasts on December 22. /PA { /S 897007758 /SO The Times /PD 19 December 2008 /PG 58 /SCT Business /HD Need to know /BY /TX /PA Economics /PA Retail sales: The Office for National Statistics said retail sales rose by 0.3 per cent in November and are up by 1.5 per cent on last year. A 3.9 per cent rise in sales of household goods, the biggest monthly increase since July 2007, fuelled the growth. Food sales were up 0.2 per cent, but clothing and footwear sales had dropped by 0.5 per cent. Page 61 /PA Repossessions: The Council of Mortgage Lenders said the number of repossessions is set to surge by 67 per cent to 75,000 next year. Home repossessions peaked at 75,500 in 1991, the last time the UK was in recession. /PA The pound: Sterling sank to a record low against the euro for the ninth day running, with the single currency reaching 95p on speculation that the Bank of England will follow the US Federal Reserve in cutting the cost of borrowing to zero. The UK's public finances showed that net borrowing soared to a record Pounds 16billion in November as tax revenue declined. /PA Irish GDP: The Irish Government has raised its 2009 budget deficit forecast and said that while data showed an economic rebound in the third quarter, there was little hope of a quick recovery from the slump. Irish GDP surprised with a 1.2 per cent rise in July-September after two consecutive quarters of contraction, a technical measure of recession. /PA US unemployment: According to official data, 554,000 Americans filed new claims for unemployment benefit last week, down by 21,000 from the week before. About 6.7 per cent of the US workforce is out of a job and Wall Street expects that figure to rise to 10 per cent next year. /PA Banking #38; finance /PA Swinton: The high street insurance broker said that it had bought Equity, its rival, in a Pounds 50million deal to seal its position as the UK's third largest insurance retailer. Swinton, which bought Equity from Insurance Australia Group, said that it will keep all 91 of Equity's stores open. /PA Cattles: The sub-prime and doorstep lender is scrapping dividends for at least a year amid continuing delays in its attempt to secure a banking licence. The group, which describes itself as a "specialist lender", said that although trading for the year was in line with expectations, arrears on loan repayments had risen from 7.4 per cent to 7.8per cent. Page 63 /PA Banco Santander: The Spanish bank has been given permission by European Union regulators to buy the retail banking arm of Bradford #38; Bingley, months after the British Government bought the lender to save it from collapse during the financial crisis. /PA Moneyfacts.co.uk: The financial website said there was an increasingly wide gulf between the cost of wholesale funding and the price of new mortgages and added that the total number of mortgages has fallen by almost three quarters since the beginning of the year. /PA Swiss Re: The world's largest reinsurance company reported that the volume of claims on natural and man-made disasters in 2008 had almost doubled from last year to \$50 billion (Pounds 32.6billion), making 2008 the second-costliest year for disaster underwriters. Page 64 /PA Permira: SVG Capital, the listed fund that backs Permira, told investors that it has written down the value of 13 of the buyout group's biggest holdings in companies by Pounds 467million. Page 56 /PA Coutts: Sir Keith Mills, the tycoon behind Nectar loyalty cards, has begun a campaign to shame Coutts after the private bank allegedly advised him to keep his money in savings bonds issued by AIG, the troubled American insurer. Page 56 /PA Construction /PA #38; property /PA British Land: Chris Grigg, the former chief executive of Barclays commercial bank, is to replace Stephen Hester as chief of British Land, the property group. Page 63 /PA Morgan Sindall: The construction and regeneration group said that it was in line to hit its targets of "record" profits this year, with its order book looking robust at Pounds 3.8billion and a development pipeline of Pounds 1.3billion in its urban regeneration division. /PA Consumer goods /PA Pernod Ricard: The French drinks group said that it has sold four brands - Star Gin, Red Port, Dry Anis and Gronstedts Cognac - to Arcus Gruppen, the Norwegian wine and spirits supplier controlled by Ratos, the Swedish investment group. The sale had been stipulated by the European Commission in return for its approval of Pernod's acquisition of V#38;S Vin #38; Spirit, the Swedish drinks group. /PA Engineering /PA Siemens: The German engineering conglomerate said it expects the restructuring of its mobility and Osram units to help its industrial sector to reach its fiscal 2008-09 targets and added that it saw the global financial crisis as an opportunity to buy up rivals. /PA Porsche: The German luxury sports car maker said sales in the first four months of its fiscal year had slid by 9.7 per cent to Euro 2.2billion (Pounds 2.1billion), compared with Euro 2.4billion a year ago. /PA Winnebago Industries: The US maker of motor homes reported a fourth-quarter loss of \$9.6million (Pounds 6.3million), compared with a profit of \$10million last time, with revenues

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falling by 68 per cent to \$69.4million. Analysts had forecast revenues of \$77.4million. /PA Health /PA Wyeth: The US drugs maker said that it has acquired Thiakis, the London-based biotech group, in a deal that could be worth up to \$150million (Pounds 99million). /PA Industrials /PA BOC: Competition watchdogs have blocked the proposed acquisition by BOC, the German-owned industrial gases group, of the packaged chlorine business and assets of Ineos Chlor. The Competition Commission said the merger would result in a substantial lessening of competition in the distribution of packaged chlorine in cylinders and drums in the UK. /PA Leisure /PA Thomas Cook: The tour operator announced the acquisition for up to Pounds 87million of Gold Medal International, the independent travel company that carries about 550,000 passengers a year. It is paying Pounds 24.9million for an initial stake of 50.01 per cent. Page 61 /PA Rank Group: The gaming operator reported a 1 per cent increase in like-for like sales during the 15weeks to December 14, with bingo being flat and casinos up by 4 per cent, and said trading was in line with market expectations. /PA Park Resorts: GI Partners, the private equity owner of the holiday park operator, has removed the senior management team, led by Martin Grant, chief executive, and brought back the three founders of the business, including David Vaughan, who will take over as chief executive. /PA Virgin Holidays: The travel group has announced the acquisition of the assets and trademark of Travel City Direct, part of the failed XL Leisure Group. /PA Punch Taverns: The pub company said it expected to have to take back up to 43 of the leasehold pubs that it sold to Orchid Group after the appointment of administrators. It added that it would continue to trade the majority. /PA Media /PA Chrysalis: The music group said that its losses have tripled to a pre-tax deficit of Pounds 18.8million for the 13 months to September 30, from a Pounds 6million deficit in the year to August 3, 2007, in its first full year as a focused music and distribution group. /PA Informa: The publishing and events group which produces Lloyd's List, the maritime newspaper, said its full-year results were set to be in line with expectations as it benefits from currency movements, but added that it would continue to reduce costs. /PA Independent News #38; Media: The newspaper publisher said that Liam Healy and Joe Davey are to retire from the board on December 31. Mr Healy had previously acted as chief executive and deputy chairman for the group. /PA Natural resources /PA Aurum Mining: The gold miner whose principal asset is the Andash gold and copper project in Kyrgyzstan, has started a capital reduction process to enable a return of cash to shareholders in 2009. /PA Seaweed and marine algae: The European Union is providing Pounds 5million to fund the harvesting of seaweed and marine algae to turn them into green energy in Northern Ireland, Scotland and the Irish Republic. /PA Sibir Energy: The London-listed oil explorer, which drills for oil in Siberia and runs petrol stations in Moscow, is set to invest more than \$500million (Pounds 326million) in Russian property assets to support Chalva Tchigirinsky, its largest shareholder, who has been hit by the falling value of Russia's stock and property markets. Page 65 /PA Retailing /PA Co-operative Group: The retailer said that 700 of its food stores had been given a new look this year as part of a Pounds 200million refurbishment exercise. /PA HobbyCraft: The Dorset-based arts and crafts superstore chain reported full year pre-tax profits that were 10 per cent higher than last year at Pounds 3.2million, with like-for-like sales up by 1.6 per cent. /PA Support services /PA FedEx: The US distribution business said that its fiscal second-quarter earnings had risen by 3 per cent to \$493million (Pounds 327million), compared with \$479million last time. Revenues rose by 1 per cent to \$9.54billion. FedEx added that it was planning cost cuts amid slumping demand. /PA Technology /PA Imagination Technologies: Apple, the US technology group, revealed that it had taken a 3.6 per cent stake in Imagination Technologies, sending shares in the Hertfordshire maker of digital radios up by 28 per cent. Apple bought 8.2 million shares for about Pounds 3 million. Imagination is behind Pure digital radios, the UK market leader. Page 69 /PA ASML Holding: The Dutch group which provides technology systems to computer chip makers, said that it was cutting 1,000 jobs - more than 10 per cent of its global workforce - after a drop in orders. It forecast that its fourth quarter sales would be between Euro 450million (Pounds 426million) and Euro 500million, down from the Euro 530million that it had projected in October. /PA Telecoms /PA Telecom Italia: Viviane Reding, the European Union Telecoms Commissioner, has again warned Italy not to split Telecom Italia into separate business units until Brussels gives its approval. Agcom, Italy's telecoms regulator, had said last week that the division would begin in January to boost competition in broadband services. /PA Vodafone: The world's largest mobile phone operator said that it has completed the acquisition of an additional 4.8 per cent stake in Polkomtel, the Polish mobile operator, for Euro 177million (Pounds 168million), taking Vodafone's stake to 24.4 per cent. /PA Virgin Media: The US-listed mobile phone provider and cable TV operator, has appointed Jerry Elliott as chief financial officer. Mr Elliott will be based at Virgin Media's head office in Hook, Hampshire, from January 5. /PA Transport /PA Arriva: The transport group which operates bus services in London, Liverpool, Leeds and Newcastle, predicted a Pounds 60million increase in its annual fuel bill for 2009, despite the recent slump in global oil prices. It has fixed 85 per cent of its fuel requirements for 2009 at an average price per litre of

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42.4p, compared with the 29.2p per litre paid this year. /PA British Airways: The national carrier said that it had failed to reach agreement with Qantas, the Australian airline, about a potential merger. Page 59 /PA SAS: The Scandinavian airline said it has signed an initial agreement to sell parts of its troubled Spanair unit to investors in Spain. SAS has been trying to sell Spanair, Spain's second-largest airline after Iberia, for more than a year. /PA Utilities /PA Nuclear power: A nuclear power station which was due to close at the end of the month will continue to generate electricity into next year and beyond, it has been announced. The site at Oldbury in Gloucestershire will continue producing electricity for about two years, generating income of between Pounds 100million and Pounds 150million, depending on the sale price. /PA sectors@thetimes.co.uk /PA This newspaper adheres to the system of self-regulation overseen by the Press Complaints Commission. The PCC takes complaints about the editorial content of publications under the Editors' Code of Practice, a copy of which can be found at www.pcc.org.uk /PA { /S 897007759 /SO The Times /PD 19 December 2008 /PG 59 /SCT Business /HD Patrick Lewis;Business big shot /BY Marcus Leroux /TX /PA Patrick Lewis was yesterday appointed to the board of the John Lewis Partnership to become the staff's representative at the top level of the employee-owned company. /PA The position, Partners' Counsellor, sounds oddly quaint for the modern corporate world. But then Mr Lewis is just the man for a position unique to John Lewis; he is the great-grandson of the original John Lewis and the great nephew of John Spedan Lewis, the man who handed over ownership of the business to the workers. /PA Yet even within the group, the appointment has raised eyebrows. Mr Lewis, 43, was previously head of retailing for John Lewis department stores. Although his appointment gives him responsibility across the entire group, which includes Waitrose, some have questioned whether it is a sideways move. /PA The Partners' Counsellor is considered a lame duck by some employees, who see incumbents as the bearer of bad news from the boardroom to the shopfloor. /PA Some have pointed to the fact that Mr Lewis is moving from a high-powered, operational position to an internal role that has been vacant since a retirement in July. /PA John Lewis is not immune to the disruption that arises wherever ambitious executives are vying for the top spot. The appointment last year of Charlie Mayfield as John Lewis's chairman, prompted the departure of Steve Esom, its Waitrose boss, to Marks & Spencer. /PA However, John Lewis insists that Mr Lewis's new role is a promotion, arguing that it demonstrates Mr Mayfield's determination to enhance the group's unique character as a collective. /PA Mr Mayfield said: "The Partners' Counsellor is a critical role in our organisation and this is reflected in my decision to appoint Patrick to the group executive and to the Partnership board." /PA Gareth Thomas, who is in charge of retail design and development, will take over Mr Lewis's role as retail director of the department stores from February. /PA Mr Lewis joined John Lewis in 1994, having previously worked for Procter & Gamble, as finance manager, and Bain & Company, the consultancy. He became retail director as part of the shake-up that accompanied Mr Mayfield's appointment as chairman. /PA Mr Lewis has said that the unique character of John Lewis appealed after his experience in P&G, which, he says, was "totally financially driven". That attitude should stand him in good stead for his role as a custodian of the principles put in place by his great-uncle in 1920. /PA { /S 897007760 /SO The Times /PD 19 December 2008 /PG 59 /SCT Business /HD British Airways and Qantas halt merger talks /BY Ian King and Dominic Walsh /TX /PA British Airways and Qantas yesterday called off their merger plans after failing to agree terms. /PA The talks foundered after the two airlines, which had been in negotiations since August, could not agree on what proportion of a combined business would be owned by each set of shareholders. /PA The Times understands that, while BA had argued strongly for a 50-50 merger, Qantas had insisted that its shareholders should own 55 per cent of a combined business and BA's shareholders 45 per cent. This was despite the fact that, as of Wednesday night, the market capitalisations of the two airlines were almost identical. /PA Qantas had argued that, despite BA's revenues being larger than its own, its shareholders deserved a larger slice because of the size of BA's pension deficit. The Australian airline was also uneasy, as The Times reported last week, about BA's planned merger with Iberia, the Spanish carrier. /PA Iberia declined to comment on the breakdown of the negotiations, but it is understood that executives of the Spanish airline were pleased by the surprise development. Iberia's shares rose by 5.4percent to Euro 1.95 in Madrid yesterday. /PA Initial reports of a possible merger of BA and Qantas this month had caught Iberia's management by surprise and caused unease within the Spanish airline. However, the Qantas withdrawal has revived hopes of a union between the British and Spanish airlines. /PA Aviation industry sources suggested that circumstances had forced Alan Joyce, the Qantas chief executive, to push BA unusually hard. They pointed out that the early leaking of negotiations on Crikey, an Australian website, had been especially unhelpful. "News of the merger talks leaked on his third day as chief executive," one source said. "The Australian media quickly picked up on it and it became an anti-Pom story - 'How dare the Poms try to take over our airline' and so on. Accordingly, Alan Joyce was obliged to drive a hard bargain." /PA Julia Simpson, BA communications

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director, said: "We were clear from the outset that this had to be a merger of equals. We were not prepared to do a deal that was not in the interests of our shareholders, our customers and our employees." /PA BA and Qantas began talks in August when Geoff Dixon, the Australian carrier's former chief executive, approached Willie Walsh, his BA counterpart, about a possible merger. /PA The argument over ownership of a merged company was further complicated by the legal situation. Australian law requires that Qantas remain majority-owned by Australian investors and that its head office, stock market listing and major facilities stay in Australia. /PA Shares in BA closed up 1/2p, at 1721/2p, on the news, which emerged after the market closed in Sydney, where Qantas shares had earlier risen by almost 8 per cent to \$2A.43. /PA Douglas McNeill, of Blue Oar Securities, said: "Paradoxically, this increases the likelihood of the deal with Iberia succeeding. They were right to explore the Qantas merger, but it would have been very difficult to do." /PA Speculation was raging last night that Qantas would seek mergers elsewhere, particularly in Asia, where it has previously talked to Singapore Airlines - which owns 49 per cent of Virgin Atlantic - and Malaysian Airlines. Malaysian said on Tuesday that it was in talks with several airlines including Qantas about possible tie-ups. /PA Qantas received another blow yesterday when Delta Airlines, the American carrier announced plans for a non-stop daily service between Los Angeles and Sydney, one of Qantas's most profitable routes. Virgin Blue, the Australian subsidiary of Virgin Atlantic, is also due to start flying between Australia and the West Coast early next year. /PA Qantas and US Airways are the only airlines operating on the route. /PA

Commentary, page 57 /PA { /S 897007761 /SO The Times /PD 19 December 2008 /PG 61 /SCT Business /HD Hedge fund failures to hit record as investors flee /BY Miles Costello /TX /PA A record number of almost 1,000 hedge funds will be forced into liquidation this year as torrid investment markets take their toll on the alternative investment industry and worried investors redeem funds. /PA A total of 693 hedge funds crashed during the nine months to the end of September, according to Hedge Fund Research, the Chicago-based research firm. This represents an increase of 70percent on the 409 funds shut during the same period last year. /PA If the trend continues, a further 227 hedge funds will close in the remaining quarter, bringing the total for the year to just above 920, HFR said. /PA The closures, which far outpace the previous high level of 848 in 2005, comes as the sector heads for its first full-year loss in a decade. /PA Unparalleled market downturns and regulatory crackdowns have threatened even the most established funds. Experts have predicted that as many as one in four funds will go to the wall and the overall level of assets under management will be cut by half. HFR estimates that the entire industry consists of 9,700 funds. /PA It has emerged that Tosca, the embattled hedge fund manager in London, which is trying to restructure its flagship fund, is bracing itself for its assets under management to tumble to as low as \$2billion (Pounds 1.3billion) once it completes the process. /PA Tosca, which at its peak managed \$8billion of assets, has been heavily hit by sliding markets. The fund is down 62percent for the year to date. It was founded eight years ago by Martin Hughes, a former banking analyst who earned the nickname "The Rottweiler" for his aggressive approach. /PA The fund specialises in taking long-term equity stakes and forging corporate merger deals, but it has found itself on the wrong side of a string of recent investments. /PA It is understood that Mr Hughes considered walking away from Tosca this year, but has committed himself to the hedge fund and invested more of his own capital into it. /PA Sources close to Tosca said that the hedge fund had now been stabilised and that redemptions had been limited. They said that the firm was pleased with the loyalty shown by investors, with much of the fall in assets a result of market movements. /PA { /S 897007762 /SO The Times /PD 19 December 2008 /PG 61 /SCT Business /HD Shopkeepers say official sale figures run counter to till receipts /BY Marcus Leroux /TX /PA Retailers were dismayed yesterday by official figures suggesting that spending was actually holding up well despite the economic downturn. /PA Government statistics stated that spending increased by 2.9 per cent in November compared with the same month last year. The figures were released only a day after another survey suggested Britain's shops were suffering their worst trading in 25 years. /PA The number of shoppers entering stores has also plummeted by 11 per cent on the first three days of this week, a crucial period in the run-up to Christmas, according to figures from Experian. /PA Retailers say the official figures are understating the difficulties they face. Their plight was highlighted this week when the administrators to Woolworths effectively put 27,000 workers on notice of redundancy. /PA The figures, released by the Office for National Statistics, were markedly more optimistic than data from the retail industry's umbrella body. Sales fell by 0.4 per cent last month, or 2.9percent allowing for new stores, according to the British Retail Consortium. /PA November's decline followed a fall of 0.1percent in October and brought the first back-to-back monthly declines in the BRC survey's 14-year history. Sector analysts said that the outlook was even **bleaker** than those figures suggested because the sales had been boosted by food inflation. /PA The City expected official statistics to show a 0.4 per cent decline in sales for November, the month that saw MFI, the furniture chain, and Woolworths, fall into administration. /PA But even

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the ONS statistics displayed the weakest growth in retail sales since 2006. Department stores and general retailers fared badly, recording a 3.6 per cent drop, their sharpest fall since records began 22 years ago. However, internet sales continued their rise, hitting Pounds 220 million a week during the month. Online trading now accounts for 3.8 per cent of the total, according to the ONS. /PA Stephen Robertson, director-general of the British Retail Consortium, said the ONS painted an overly optimistic view of the difficulties faced by retailers and consumers. "Most retailers won't recognise these figures. The idea that both total sales by value and volume went up significantly is hard to explain," he said. /PA The BRC's figures were "far more consistent with the reality of weak consumer confidence and rising unemployment", he added. /PA The CBI said this week that high street trading was at its worst in at least 25 years. Only 13 per cent of retailers said sales had risen, the lowest since the CBI survey began in 1983. /PA Advice on how to seek a change in rental payments from quarterly to a monthly basis has been sent to high street retailers by the BRC. Sir Philip Green, the Bhs owner, has led a campaign to reform the "archaic" quarterly rents system, so that shops would have improved cashflow as the economic situation worsens. It is argued that paying rent monthly helps to ease cashflow, allowing companies to budget more effectively. /PA { /S 897007763 /SO The Times /PD 19 December 2008 /PG 61 /SCT Business /HD Bags-to-riches travel operator sells Gold Medal to Thomas Cook in Pounds 25m deal; Factbox /BY Lilly Peel /TX /PA A one-time baggage handler who built what is the UK's biggest independent travel operator has sold just over half his company to Thomas Cook for Pounds 25 million. /PA Ken Townsley, chairman and sole owner of Gold Medal, the Preston-based tour operator, founded the group in 1984. He could walk away with Pounds 87 million at the end of March 2010 when Thomas Cook has the option to buy the rest of the company. /PA Mr Townsley, who worked as a baggage handler at Blackpool airport, used a redundancy payout to set up his first company in a rented Blackpool shop 40 years ago to the day he sealed the deal with Thomas Cook. /PA The business grew rapidly and Gold Medal now employs 500 people at its headquarters in Preston. It arranges flights and tours to 1,500 destinations worldwide, focusing on the United States, the Middle East, the Far East and Australasia. /PA The company appeared to hit turbulence two years ago when Wayne Pearce, its managing director, left suddenly and the group made a loss of Pounds 1 million for the year ending March 31, 2006. Mr Townsley said at the time that he felt he had been "dragged out of retirement like Barbra Streisand". /PA Terry Fisher joined the group as chief executive and he will stay on along with the rest of the management team. /PA Mr Fisher helped the company to a profit of Pounds 6.4 million by March this year. It is expected to make a profit of more than Pounds 9 million in the current financial year. /PA Thomas Cook is paying Pounds 24.9 million for a 50.01 per cent stake in Gold Medal. The travel giant said it would combine its Flight Savers business, which organises tickets on scheduled flights for the Thomas Cook sales distribution network in the UK and Ireland, with Gold Medal. /PA The two businesses will operate as a standalone entity which is expected to enjoy more than Pounds 4 million in annual synergies. /PA The move by Thomas Cook is the latest example of consolidation in the travel industry which, in the past 18 months, has seen Thomas Cook buy MyTravel Group and Tui Travel, owner of Thomson Holidays and which is the UK's biggest travel operator, snap up First Choice Travel. /PA Although the travel industry has been relatively resilient through the credit crunch, the consumer slowdown is beginning to bite. With unemployment rising, travel industry analysts predict a big slowdown in 2009. /PA While Thomas Cook and TUI, the major players, will be able to cut costs, smaller companies are unlikely to be able to compete with their economies of scale. /PA Manny Fontenla-Novoa, the chief executive of Thomas Cook, said this week that he thought about 15 travel agents could go bust over the winter and that the next three months would be crucial. /PA The Office for National Statistics said yesterday that the number of Britons travelling abroad fell by 6 per cent, to 16.4 million, in the three months to October, compared with the same period last year. /PA XL Leisure, the UK's third-largest tour operator, has already become a casualty of the credit crunch. /PA The Crawley-based group called in administrators in September after the failure of last-minute talks with Straumur, the Icelandic investment group that was its financial backer. /PA Tui last month cut the number of holidays it has on sale this winter by 28 per cent compared with its 2007-08 offerings. Its summer 2009 capacity has also been reduced by 16 per cent. /PA Mr Fontenla-Novoa said that he saw the deal with Gold Medal as a chance to strengthen Thomas Cook's position in the independent travel sector. /PA Pounds 9m /PA Gold Medal's expected 2008 profit /PA Source: Times archive /PA { /S 897007764 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD The gloves are off at Blue Oar; City Diary /BY Martin Waller /TX /PA The gloves are off at Blue Oar as it seeks to swat away the unsolicited bid by its founder and several former directors. In its defence document, the broker points out that Edward Vandyk and Oliver Vaughan, the principals behind the "derisory, opportunistic and wholly inadequate offer" from Evolve Capital, have been involved in 28 companies that have gone into administration or otherwise become insolvent. Ouch. /PA { /S

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897007765 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD A crumb of comfort for Bernard Madoff and his wife, Ruth;City Diary /BY Martin Waller /TX /PA A crumb of comfort for Bernard Madoff and his wife, Ruth. His new notoriety really does seem to have spurred some pre-Chanukkah interest in her cookbook, The Great Chefs of America Cook Kosher. Last night, two copies of the spiral-bound tome were available on Amazon at \$42.19, up from a \$34.14 price the day before. /PA { /S 897007766 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD Spreading ever widerIn the blue corner;Victor Chandler;City Diary /BY Martin Waller /TX /PA Victor Chandler will for ever be remembered as the man who forced the Government to scrap betting tax. It was his decision to move his eponymous internet bookmaker to Gibraltar in 1998 that set off a train of events that led to the big bookies (though not Victor Chandler International) repatriating their online betting operations in return for the Treasury agreeing to scrap duty. /PA Chandler, dubbed "the Indiana Jones of bookmaking" by the Racing Post, has built an estimated fortune of more than Pounds 300million from the company founded by his grandfather William in 1946. His latest move, announced yesterday, will see the group enter financial spread betting through a so called white label deal with WorldSpreads. /PA { /S 897007767 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD Hands down, it's been a bad year for Guy's guys;City Diary /BY Martin Waller /TX /PA The decision by GI Partners to oust Martin Grant as chief executive of Park Resorts after little more than a year says a lot about the desperate straits that the American private equity firm finds itself in. /PA Last weekend, it was forced to restructure the Orchid pub company by putting it into administration, and its investment in Park Resorts is looking just as sickly. Grant, who was unlucky to be asked to run a business with a financial structure that has never looked like supporting the Pounds 440 million GI paid for it, happens to be the latest of several former acolytes of Guy Hands from his time running Nomura's principal finance unit to fall on hard times. /PA Giles Thorley, the chief executive of Punch Taverns, who once ran Nomura's tenanted pubs, has had an annus horribilis, with the group's shares sinking by more than 90 per cent. Meanwhile, Mark Tagliaferri, who spent six years with Nomura, has been forced to put a key part of aAIM, his property investment business, into administration. What's more, Tagliaferri and his former Nomura colleagues Rick Magnuson and Brad Altberger are all managing directors in GI Partners. /PA { /S 897007768 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD It ill behoves a serious diary column to poke fun at people's names;City Diary /BY Martin Waller /TX /PA It ill behoves a serious diary column to poke fun at people's names. But I could not help noticing the name of the New York judge presiding over the case of Anurag Dikshit, the PartyGaming co-founder, who has pleaded guilty to charges related to online poker - a game in which the company makes its money by taking a "rake". Step forward, Judge Jed Rakoff. /PA { /S 897007769 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD The Department of Health should be worried;City Diary /BY Martin Waller /TX /PA The Department of Health should be worried. According to a survey by BT about things we would be least likely to give up in a recession, more people said they would prefer to hang on to their broadband connection than to eat fresh fruit and vegetables. /PA { /S 897007770 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD Christmas: the time for giving;City Diary /BY Martin Waller /TX /PA (Photograph) - Christmas: the time for giving. Well, I can do that. There's the VAT cut, for a start. And the bailouts. You'd think after all that I'd get some goodwill in return. But people are so ungrateful. Oh, let it snow ... (My thanks to Hitandrun Media for the best e-card I've received so far this season). /PA { /S 897007771 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD U2 cashes in \$25m shares in Live Nation tour manager /BY Catherine Boyle /TX /PA U2, the Irish rock band fronted by Bono, have cashed in shares worth \$25million (Pounds 16million) in Live Nation, the company that organises tours for them and for other stars, such as Madonna. /PA Live Nation has taken a \$19 million loss on the transaction, because as part of their 12-year contract, the company guaranteed the band a higher share price than that achieved in yesterday's trading. /PA Even though U2's 1.6 million shares were worth only \$6.1 million at yesterday's prices, Live Nation had to pay \$25 million to the band. /PA U2 signed up with Live Nation in March this year for a rumoured \$100million. /PA Madonna, who is on a global tour that is being handled by Live Nation, is the only other artist with sufficient clout to command such a deal. /PA She also has shares in Live Nation that she could sell for a minimum of \$25million in April next year. If she does so, it is likely to lead to another loss for Live Nation, whose shares have fallen by 83 per cent since she signed a \$120 million contract with the company in October last year. If the share price is lower than at the time of the deal, Live Nation has to make up the difference through cash in hand and borrowings. /PA The tour manager said that it hopes to recoup the loss from U2 when the band embark on a world tour next year after releasing their 12th studio album, provisionally called No Line on the Horizon. /PA Michael Rapino, chief executive of Live Nation, said: "Madonna and U2 are the only two deals that contained this kind of provision. The Madonna business is great." /PA Annual losses of Chrysalis, the music company, have tripled after an "extremely challenging" year. The company

plunged to a pre-tax deficit of Pounds 18.8 million for the 13 months to September 30, against a Pounds 6 million loss in the year to August 3, 2007, in its first full year as a focused music and distribution group. /PA { /S 897007772 /SO The Times /PD 19 December 2008 /PG 62 /SCT Business /HD Found - a bank that is actually looking for staff;City Diary /BY Martin Waller /TX /PA I see that the appointments section of the Financial Times (yes, it still has one) has been carrying a prominent job advertisement promising "exciting opportunities" with a new wholesale bank, to be based in London, that is being set up by an unnamed financial institution. According to the ad, the institution in question has already recruited a chief executive and a compliance officer and now needs to fill three key roles - chief operating officer, head of financial institutions and head of treasury - all paying a "competitive market rate". /PA It's certainly a hell of a time to be setting up a bank, although on the bright side I guess there will be no shortage of bankers looking for a job. /PA { /S 897007773 /SO The Times /PD 19 December 2008 /PG 63 /SCT Business /HD Clean-energy projects struggle to secure funds /BY Robin Pagnamenta, Energy and Environment Editor /TX /PA Global investment in clean energy technology, including solar power and wind power, has collapsed in the past three months after hitting record levels this year. /PA Venture capital investment in the industry reached a record \$4.6 billion (Pounds 3 billion) in the first nine months of the year, despite a steep slowdown in the wider economy. This was 82 per cent higher than in the same period last year, according to a study published today by Ernst & Young. /PA However, Gil Forer, the accounting firm's global director of clean technology, acknowledged that conditions had deteriorated sharply. Enhanced regulation in Europe had, he said, contributed to the brisk growth in the first three months of this year, driving fresh investment into low-carbon energy sources, but venture capitalists were scaling back their investments as the global financial crisis dragged on. /PA John Dunlop, the head of energy for HSH Nordbank, the world's largest financier of renewable energy projects, said that the outlook appeared increasingly tough. "There is a long queue of wind and solar projects in Europe and the US that are looking for debt finance that are not getting it," he said. "Debt is what drives the market, so 2009 will be a very difficult year." /PA The warning of a steep downturn in activity comes as Ed Miliband, the Energy Secretary, is today set to appeal for greater investment in low-carbon sources of energy at a meeting of oil-producing and oil-consuming countries in London. /PA The UK passed legislation this year to cut greenhouse-gas emissions by 80percent by 2050, becoming the first country to impose a legally binding national emissions-reduction target. European Union leaders also reaffirmed their commitment to cutting EU carbon emissions by 20 per cent by 2020, and to obtaining at least 20per cent of energy from renewable sources and to achieving an overall 20per cent reduction in energy use. /PA The British Government views a huge expansion of offshore wind and tidal energy schemes as a key priority. However, the problems in the industry could leave governments struggling to hit these ambitious goals. /PA Yesterday, the price of a barrel of US crude oil slipped to \$38 a barrel, its lowest since July 2004, after a record output cut from Opec of 2.2million barrels on Wednesday failed to bolster prices, which have plunged more than \$100 from a peak of \$147 in July. /PA { /S 897007774 /SO The Times /PD 19 December 2008 /PG 63 /SCT Business /HD Rocked by property slump, British Land hires a banker to run the company;Factbox /BY Tom Bawden /TX /PA Chris Grigg from Barclays succeeds Hester /PA British Land, London's largest office landlord, has hired a former senior Barclays executive to run the company amid the worst property slump in decades. /PA Chris Grigg, 49, resigned last month as chief executive of the commercial lending unit of Barclays "to pursue other interests". He will take up the top job in British Land on January 12. /PA Before joining Barclays, Mr Grigg, 49, worked for 20 years for Goldman Sachs, spending most of his time in its capital markets and derivatives businesses. /PA The new British Land chief executive succeeds Stephen Hester, another former banker, who returned to his old industry last month when he joined Royal Bank of Scotland as its new chief executive. /PA Although British Land said that it was not specifically seeking a banker, analysts said that a strong financial background would prove a big advantage at a time when property markets are in a downturn and credit is extremely difficult to secure. /PA Chris Gibson-Smith, the chairman of British Land, said of Mr Grigg: "He brings deep knowledge of the investment and financial sectors from his time at Goldman Sachs and wide management experience from his roles at Barclays." /PA British Land, which specialises in out-of-town retail buildings and London offices, is thought to have picked Mr Grigg from a range of candidates, inside and outside the group. /PA Jamie Ritblat, the son of Sir John Ritblat, who preceded Mr Hester as chief executive, and Mike Hussey, managing director of Land Securities, were among the potential candidates suggested by analysts. /PA Toby Courtauld, chief executive of Great Portland Estates, was an early favourite, but is thought to have ruled himself out of the running for the job. /PA Mr Grigg joins British Land, which owns the Meadowhall shopping centre in Sheffield and Broadgate Tower in the City, at a difficult time. The group reported Pounds 1.3billion of losses in its most recent two quarters. It has seen about Pounds 2.8 billion wiped off the value of its office and shop holdings in the past 18

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months, and its shares have declined by more than 40percent this year, amid the savage commercial property decline. /PA The company reported last month that the value of its portfolio fell by 10.8percent to Pounds 11.6 billion in the six months to September 30, with its net asset value dropping 22percent to Pounds 10.43 per share, from Pounds 13.44 in May. City office values fell by 14.1percent and retail warehouses were down by 10.2percent. Shopping centres showed some resilience, down only 8percent, against a 14percent fall reported by Land Securities last week. Pre tax profits for the half year to September 30 were flat at Pounds 144 million. /PA Mr Grigg is married with five children and lives in Hertfordshire. He studied economics at Cambridge. His first job was with Morgan Grenfell. /PA Shares in British Land yesterday jumped by 14p, or 5.5 per cent, to 255p on hopes that the appointment of a new chief executive would help to boost the company's prospects. /PA SOLID FOUNDATIONS /PA * British Land owns a total of 30million sq ft of retail space and 5 million sq ft of office space in London /PA * It owns or manages Pounds 15.6 billion of property assets. In London, these include the office developments of 201 Bishopsgate, Broadgate Tower near Liverpool Street station, and Ropemaker Place, as well as 15 office complexes including Regent's Place and York House. /PA Its office occupancy rate is /PA 96.6 per cent /PA * The company's retail portfolio includes 94 superstores tenanted by retailers such as Morrisons, /PA J Sainsbury, Somerfield, Teco and Waitrose, and 108 out-of-town retail parks including Meadowhall in Sheffield and Teesside Shopping Park. The retail occupancy rate is 98.8 per cent /PA * It has nine joint ventures and three funds with properties worth Pounds 7 billion. They include a joint venture with J Sainsbury that /PA holds a Pounds 1.2 billion portfolio of /PA 38 Sainsbury's stores /PA * British Land shares closed down 29.5p at 565p /PA { /S 897007775 /SO The Times /PD 19 December 2008 /PG 63 /SCT Business /HD Cattles investors facing loss of dividends for up to two years /BY Miles Costello and Dominic Walsh /TX /PA Cattles, the sub-prime and doorstep lender, yesterday scrapped its dividend payouts for at least a year. /PA Analysts reckon that Cattles will save almost Pounds 100million by abandoning the final dividend for this year as well as a 6.3p-a-share payout scheduled for the first half of 2009. /PA Cattles gave no indication of when it would resume payments, but some observers suggested that it could be almost two years. Ian Poulter, an analyst with Teathers, said: "Given the uncertainty, we are assuming no resumption of payment in the second half of 2009 or 2010." /PA Cattles, based in Batley, West Yorkshire, has come under mounting pressure in recent weeks amid potentially damaging delays in its application for a banking licence. /PA The group, of which David Postings is chief executive, wants to secure about Pounds 1billion in retail deposits by 2010 to help to reduce its reliance on the wholesale markets for funding. /PA Its application for a banking licence went to the Financial Services Authority in August, but a tougher approach by the regulator means that Cattles has had to rethink its February schedule. The lender provided no fresh clues about the imminence of the licence yesterday. /PA Cattles is also in talks with its banks, led by Royal Bank of Scotland, about renewing the terms of its increasingly expensive Pounds 500million credit facility, which is due to come up for renewal next July. Analysts in Citigroup, the Cattles broker, said that they were hoping for an update from the lender on this issue before the end of the first quarter of next year. /PA Cattles shares have plunged 65 per cent since the beginning of the month amid market speculation that the FSA will turn down its application. /PA Yesterday, Cattles said that it had headroom of Pounds 129million on its current facility, while its total borrowings had risen from Pounds 2.5billion to Pounds 2.6billion since September. The company added that although trading for the year was in line with expectations, pressure on its customers' disposable income meant that arrears on loan repayments had risen from 7.4 per cent to 7.8 per cent. /PA Cattles is forecast to make a pre-tax profit for the year of about Pounds 170 million. It yesterday said it was on course to meet analysts' targets, helping to lift its shares by 5p, or 2.8 per cent, to 18p. It described its decision temporarily to halt dividend payments as "prudent". /PA Robert East, who joined Cattles as banking director in June, was yesterday named as group finance director. He will replace James Corr, who said in June that he would be leaving the company in February. /PA { /S 897007776 /SO The Times /PD 19 December 2008 /PG 64 /SCT Business /HD Premiums to soar as hurricanes combine with financial crisis to tip insurers 'over the edge';Factbox /BY Tom Bawden /TX /PA A sharp rise in the cost of catastrophe insurance became inevitable yesterday as Swiss Re, the world's largest reinsurance company, reported that the volume of claims on natural and man-made disasters had almost doubled from last year to \$50 billion (Pounds 33 billion) in 2008, making this the second-costliest year ever for disaster underwriters. /PA In total, catastrophes - the vast majority of which were not covered by insurance policies - caused \$225 billion of damage globally. Natural disasters such as storms and flooding accounted for \$43 billion worth of claims, with Hurricane Ike costing \$20 billion in payouts after wreaking havoc in the United States and the Caribbean. /PA Man-made disasters, such as fires and explosions, cost insurers \$7billion, the largest part of which related to the \$1.7 billion in payouts on a ruptured pipeline on Varanus Island, Western Australia. /PA Eamonn Flanagan, an analyst at Shore

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Capital, said: "We knew things were bad, but this report really rams home that insurance rates are going to have to rise. /PA "The meltdown in equity markets had already left insurers in a bad position but the level of catastrophe claims really tips them over the edge." /PA Mr Flanagan predicts that Lloyd's of London insurers will raise insurance premiums on catastrophe cover by between 10 per cent and 15 per cent on January 1, when a lot of policies come up for renewal. Property and casualty insurance premiums will also rise in January, although by a more modest 5 per cent, he predicts. /PA By this time next year, Mr Flanagan expects the rates on catastrophe insurance to have risen to between 20 per cent and 30 per cent higher than they are now. He thinks that they will continue to increase for another six months to a year after that. /PA The rate increases prompted by the September 11, 2001 terror attacks and by Hurricane Katrina - which hit the south-eastern part of the US - in 2005 were relatively short-lived as hedge funds and private equity firms piled into the industry to take advantage of the rising premiums, thereby driving them down. Premiums will remain higher for much longer this time because the credit crunch has left potential alternative insurers short of cash, Mr Flanagan said. /PA Thomas Holzheu, a vice-president of economic research at Swiss Re, added: "The proportion of the disaster costs covered by insurance was much lower this year than normal. In the developed world, where insurance penetration is much higher, insurers bear a much higher proportion of the overall cost of disasters. This year, developing countries bore a higher level of the disasters than usual and so a much smaller percentage was covered." /PA In 2007, \$28 billion, or 40 per cent, of the total \$70 billion bill for repairs was covered by insurance, compared with 22 per cent this year. /PA In total, catastrophes cost more than 238,000 lives globally in 2008, 138,400 of them as a result of Cyclone Nargis in Burma. The wind storm registered top speeds of about 200 kilometres an hour. /PA The most expensive disaster - although not the one generating the biggest insurance payout - was the Sichuan earthquake in China, which cost \$85 billion, claimed 87,400 lives and left ten million people homeless. /PA The costliest year for catastrophe insurers was 2005, when Hurricane Katrina left the industry with a bill for \$66 billion. Insurers paid out \$107 billion of claims for 2005 as a whole. /PA BIGGEST INSURANCE PAYOUTS FROM NATURAL DISASTERS IN 2008 /PA \$20bn /PA Hurricane Ike, US/Caribbean, September. It was the third-costliest on record /PA \$4bn /PA Hurricane Gustav, August/ September US/Caribbean /PA \$1.4bn /PA Winter storms in Europe, /PA February /PA \$1.32bn /PA Tornadoes/hailstorms in America, May /PA Source: Swiss Re /PA { /S 897007777 /SO The Times /PD 19 December 2008 /PG 64 /SCT Business /HD Parmalat's founder is sentenced to ten years' jail for market-rigging /BY Catherine Boyle /TX /PA Calisto Tanzi, the founder of Parmalat, the Italian dairy group, was yesterday sentenced to ten years in jail for market-rigging. /PA Tanzi, 70, was on trial, with seven other former Parmalat executives and bankers, including three former Bank of America employees, over events that led to the company's collapse in December 2003. The former Bank of America executives were acquitted. /PA Tanzi was convicted of misleading the markets by masking the state of Parmalat's finances. The group, which was set up by Tanzi 45 years ago, fell apart after it was forced to reveal previously unknown debts of Euro 14billion in 2003 in events that are the closest that Europe has come to an Enron-type accounting scandal. /PA When the company failed, it took with it the savings of more than 100,000 small investors and a host of banks were blamed for not spotting the fraud. /PA Prosecutors had requested a 13-year sentence for Tanzi, who funnelled billions of euros from the company into accounts in the Cayman Islands and Switzerland. After being listed in Milan in 1990, the company, previously focused on Europe, moved into the United States, South America, Eastern Europe and Australia. /PA Tanzi also attempted to expand into television to rival Silvio Berlusconi, the Italian media tycoon and current Prime Minister, but his Odeon venture flopped. /PA Tanzi's son Stefano will go on trial in Switzerland on fraud and money laundering charges relating to the collapse of Parmalat. /PA Bank of America said, while Tanzi's trial was on, that convicting its former employees would be "completely unjustified in light of the evidence which has emerged". /PA After a drastic restructuring, Parmalat was relisted on the Milan bourse in 2005. It is now Italy's biggest listed food company. /PA Eight other people accused of wrongdoing in the case settled out of court in September. /PA In his heyday, Tanzi bankrolled Parma football club. After the company's collapse, Parma were forced to sell off their best players, among them Adriano and Alberto Gilardino, and go into "controlled administration". /PA Among eight people sentenced earlier this month were Michele Ributti, a former lawyer of Tanzi, who was jailed for two years and ten months, and former director Massimo Armanini, who was given three years. /PA Parmalat's current management are suing Bank of America, Citi and Grant Thornton for failing to stop the fraud. They have already received more than \$500million in out-of-court settlements from UBS and Credit Suisse. /PA { /S 897007778 /SO The Times /PD 19 December 2008 /PG 65 /SCT Business /HD Sky-high ambition;Man behind the news;Chalva Tchigirinsky /BY Tim Wall /TX /PA Chalva Tchigirinski, the man at the centre of the Sibir Energy controversy, made his fortune in oil and property - sectors that saw sky-high growth in the boom

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years but are now crashing to earth with a bump (Tim Wall writes). /PA He is known for bringing in Lord Foster of Thames Bank to design for some of the country's most prestigious sites. Among the projects now on hold are the Russia Tower in Moscow's financial district - at 612 metres high, planned as Europe's tallest building - a whole island in St Petersburg, and a swanky hotel complex a stone's throw from the Kremlin. /PA Mr Tchigirinski, 58, was worth \$2.3billion earlier this year, according to Forbes. What he is worth now is anyone's guess. /PA He became one of Moscow's movers and shakers in the 1990s, carving out lucrative oil and property assets while cultivating close ties with Yuri Luzhkov, the city's mayor. His company, ST Development, shares an office building with two other influential organisations: the city government's development and architecture department - and Inteko, a development company controlled by Yelena Baturina, Mr Luzhkov's wife. /PA { /S 897007779 /SO The Times /PD 19 December 2008 /PG 65 /SCT Business /HD Family affair is a bid too far for Indian investors /BY Rhys Blakely in Mumbai /TX /PA The purchase of two struggling construction companies for \$1.6billion (Pounds 1 billion) by a successful technology group was always likely to be regarded as curious. Ultimately, what onlookers found most odd was that the board of Satyam, India's fourth-largest IT outsourcer, did not foresee that the acquisitions would trigger investor outrage. /PA Diversifying so radically at a time when Satyam's rivals are hoarding cash to weather a global slowdown was baffling enough, analysts said. That the two target companies - Maytas Properties and Maytas Infra - were controlled by B. Ramalinga Raju, Satyam's founder and chairman, and run by his sons, triggered a shareholder revolt of an intensity seldom seen in India. Maytas is Satyam spelt backwards. /PA Such was the hostility that the deals were shelved just seven hours after being announced on Tuesday night. The fallout from the failed acquisitions promises to last much longer. India's typically subdued institutional investors believe that the incident has cast serious doubt on the quality of corporate governance in the country. /PA The acquisitions would have netted the Raju family \$570million while exhausting Satyam's cash reserves and driving it into \$400million of debt. After IIFL, an Indian broker, calculated that Satyam had valued Maytas Properties at \$1.3 billion, nearly six times its \$225 million net worth, one foreign fund manager said that the deal reminded him of the "bad old days when cronyism ruled India". /PA That the deal was initially approved - apparently by a unanimous vote - by the Satyam board has placed in doubt the judgment of some of India's most feted business figures. The board includes Vinod Dham, a scientist known as the "father of Pentium" for his role in developing the computer chip made by Intel; T.R. Prasad, dean of the Indian School of Business; and Krishna Palepu, who teaches at Harvard Business School. /PA Also cast in a dim light are those who dole out business awards. The World Council for Corporate Governance recently ranked Satyam among the world's best-run companies. /PA { /S 897007780 /SO The Times /PD 19 December 2008 /PG 65 /SCT Business /HD Russian investor pledges to indemnify Sibir if property deal wins shareholders' vote /BY Peter Stiff and Sarah Seelig /TX /PA The largest shareholder in Sibir Energy, the London-listed oil explorer, yesterday told its shareholders that he would guarantee any losses that the company incurs from an unorthodox deal to buy his property assets in Moscow. /PA The company, which drills for oil in Siberia and runs petrol stations in Moscow, is set to invest more than \$500 million (Pounds 331million) in some of Russia's biggest property assets to support Chalva Tchigirinsky, who has been hit hard by falling stock and property markets. /PA The proposal generated criticism from corporate governance monitors, who questioned whether the company was acting in the interests of all shareholders and fit to be listed on AIM. /PA After further discussions with the company, Mr Tchigirinsky has agreed to indemnify Sibir against any aggregate loss on the sale of the properties bought from him. However, the nature of the guarantee remains unclear. Mr Tchigirinsky has also stood down as a director of the company. /PA Sibir believes that much of its success is down to its core Russian shareholders, which it says have protected it from the sort of interference from Moscow that has plagued other foreign companies in Russia and which it regards as a "key intangible asset". So, when Mr Tchigirinsky's financial well-being became at risk and it looked as if he might have to sell his shares, Sibir moved quickly to protect him. /PA Yesterday, the shareholder vote called to decide on the acquisition of the property was postponed to give other key Russian shareholders more time to consider their positions. /PA Henry Cameron, Sibir's chief executive, disclosed that the board had learnt in the past 48 hours that the City of Moscow and Igor Kesaev, two other big shareholders, wanted more time to consider whether the transaction is structured appropriately. /PA Sibir said it aims to go ahead with the purchases, with another vote likely in January, but Moscow city and Mr Kesaev want to make sure it is done the best way. One option is that Sibir will form a property subsidiary and issue free shares to current investors. /PA Shareholders have vented their frustration over the deal, with one telling the board he was "absolutely appalled", given that he had invested in an oil company, not a property company. /PA In defence, Mr Cameron reiterated that the deal was needed to protect Sibir's shareholder structure. Many small shareholders did lend their support to the company, praising management. Institutional opinion on the deal is understood to be split

roughly 50-50. Sibir's shares rose 28p to 124p. /PA { /S 897007781 /SO The Times /PD 19 December 2008 /PG 66 /SCT Business /HD Obama lays into SEC for its lack of 'adult supervision';Madoff affair /BY Suzy Jagger and Christine Seib /TX /PA The US President-elect says that the watchdog slept as markets crashed and fraud flourished. Suzy Jagger and Christine Seib report /PA Barack Obama launched a withering attack on American financial regulators yesterday for being "asleep at the switch" as he laid the blame for the credit crisis and the world's biggest scam at their door. /PA The US President-elect said that the Bernard Madoff scandal, which is believed to have triggered losses of about \$50billion (Pounds 33billion), has "reminded us yet again of how badly (regulatory) reform is needed". /PA As Mr Obama fleshed out his financial team, he indicated that both Wall Street regulators and congressional committees had failed the American people, who were frustrated that "there's not a lot of adult supervision out there". /PA Mr Obama's comments constitute the latest attack on the US Securities and Exchange Commission (SEC), which allowed what appears to be the biggest fraud in history to take place under its nose. Last week, Mr Madoff, a New York financier, apparently confessed to his sons that he had created a vast Ponzi scheme. /PA The subsequent liquidation of his businesses has left banks, pension funds, charities and private investors nursing billions of dollars of losses and has triggered a witch-hunt at the SEC. /PA As Mr Madoff spent his first day in Manhattan under virtual house arrest and wearing a security tag on his ankle after being charged with securities fraud, a string of new allegations emerged against both the financier and the SEC. /PA In documents written by Harry Markopolos, a derivatives expert who formerly worked for a fund that rivalled that of Mr Madoff and who has spent ten years urging the SEC to investigate Mr Madoff, the bust investor is accused of using the names of UBS and Merrill Lynch, the investment banks, to lend credibility to his schemes. /PA According to the documents, which were written in November 2005, Mr Madoff is alleged to have told potential investors that all of his options trading business was channelled through UBS and Merrill. However, Mr Markopolos asserted: "The counter-party credit exposures for UBS and Merrill would be too large for these firms' credit departments to approve. The SEC should ask BM for trade tickets showing he has traded OTC options thru (sic) these two firms." /PA It is understood that neither UBS nor Merrill Lynch has any material exposure to Mr Madoff's businesses and also that neither had had a sufficiently substantial relationship with Mr Madoff to have conducted these types of trades. Such a discrepancy raises serious questions about the truthfulness of Mr Madoff's sales pitch to new investors, such as hedge funds, and also whether Mr Madoff sought to exploit the long-standing reputations of UBS and Merrill Lynch to legitimise his own operations. /PA Ira Lee Sorkin, a lawyer representing Mr Madoff, did not return calls yesterday. /PA It also emerged yesterday that the SEC was within a whisker of uncovering Mr Madoff's alleged Ponzi scheme when it discovered in 2006 that the financier had misled the regulator about how he managed customer money. The SEC had recommended that Mr Madoff instead register with the agency as an investment adviser. /PA This week Christopher Cox, the SEC chairman, acknowledged that the regulator had failed to follow up numerous and specific tip-offs about the way that Mr Madoff was running his businesses. /PA Both the SEC and the FBI have begun inquiries into Mr Madoff's funds as they scramble to construct a legal case to secure a criminal conviction against the financier. In addition to scouring Mr Madoff's financial documents and trying to identify the whereabouts of assets, both agencies are seeking to ascertain which other individuals may have assisted Mr Madoff in his alleged fraud. /PA Yesterday attorneys were honing the terms of lawsuits they plan to file against the so-called feeder funds that placed their investors' cash with Mr Madoff. /PA { /S 897007782 /SO The Times /PD 19 December 2008 /PG 67 /SCT Business /HD Schapiro has huge task of sorting out us market regulation;Factbox;Madoff affair /BY Suzy Jagger and Rosie Lavan /TX /PA Mary Schapiro, the incoming head of the US Securities and Exchange Commission, walked into a storm of controversy less than a day after being nominated to lead the Wall Street regulator when Barack Obama takes office next month. /PA It emerged yesterday that Ms Schapiro appointed one of Bernard Madoff's sons to a regulatory body that oversees American securities companies. Ms Schapiro, at present the chief executive of the Financial Industry Regulatory Authority (Finra), employed Mark Madoff in 2001 to serve on the board of the National Adjudicatory Council, which reviews disciplinary decisions made by Finra. /PA Mark Madoff and his brother, Andrew, were understood to have approached the authorities last week after their father apparently confessed to orchestrating a \$50billion securities fraud. /PA Although both sons have denied any involvement in the alleged scam, the development comes at a sensitive time for the SEC, which is under fire for failing to spot such a colossal fraud, despite tip-offs over ten years. /PA Pending confirmation by the Senate, Ms Schapiro, 53, will next month replace Christopher Cox, who is scrambling to construct a case against Bernard Madoff and to launch an inquiry into why the regulator failed to spot such a huge scheme. /PA The appointment of Ms Schapiro has triggered speculation that a merger of the SEC and the Commodity Futures Trading Commission (CFTC), the commodities regulator, which she led during the

Clinton Administration, is being considered. She will be under intense pressure to help to rewrite the Wall Street rule book, which, by and large, is 70 years old. New rules are expected to address sensitive issues, such as short-selling and the scrutiny of hedge funds. /PA Since the eruption of the credit crisis 18 months ago and the collapse of Lehman Brothers in September, Washington has been aghast at how useless much of the Wall Street regulatory structure has proved to be. Mortgage lenders have been allowed to extend loans to borrowers who were unlikely to be able to repay them and unregulated markets, such as the credit default swaps industry, have ballooned without oversight. /PA An SEC-CFTC merger would bring under one roof all American regulation for capital markets, such as shares and bonds trading, and commodities markets, such as oil trading. It would make Ms Schapiro one of the most powerful financial regulators in Washington since the SEC was created in 1934 by Franklin Roosevelt to inject confidence into stock markets. /PA In a speech in October last year, Ms Schapiro said: "Investors can understand and accept a tech bubble or a recession - they go with the territory of a free market. What they won't accept is a system they can't trust. That's why it's so important for all of us to work together to safeguard that sense of trust and foster confidence among investors. /PA "There's no question the future can be intimidating, but as a famous scientist once said: 'The best way to predict the future is to invent it.' Right now we have an unprecedented opportunity to invent the most effective and efficient regulatory approach, one that will better protect investors and allow you to do what you do best - help investors to realise their dreams and give them the tools to invent their own financial futures." /PA Ms Schapiro may prove to be a canny appointment by Mr Obama. Having trained as a lawyer, she worked as an attorney within the futures industry and helped to write government policy and regulations on the derivatives market in the wake of the 1987 stock market crash. /PA With a deep understanding of both financial futures and the commodities markets, she is well placed to merge the SEC and the CFTC to streamline regulations in those sectors. /PA Last year Congress granted the SEC an annual budget of \$906million, and the regulator had a full-time workforce of 3,500. /PA GOING INTO THE ADMINISTRATION /PA Barack Obama yesterday named Gary Gensler, a veteran banker and regulator, as chairman of the Commodity Futures Trading Commission (CFTC), the organisation that oversees trades worth \$5,000 billion. /PA The CFTC found itself in the spotlight during the summer when oil and agricultural commodity prices hit record highs, pushing up the cost of petrol and food. Some Democratic politicians criticised the agency for failing to prevent excessive speculation in its market. /PA Mr Gensler spent 18 years at Goldman Sachs before joining the Clinton Administration, where he served as Assistant Treasury Secretary, focusing on financial markets. He later acted as a senior adviser on the Sarbanes-Oxley Act, the controversial corporate governance legislation introduced after the Enron and WorldCom scandals, and advised on Hillary Clinton's campaign to become the Democratic presidential candidate. /PA The new commission chairman joins the hand-picked team that will surround the President-elect. Yesterday Mr Obama added to the group by choosing Hilda Solis, a Californian Democratic congresswoman, as his Labour Secretary. Ms Solis was first elected to Congress in 2000. /PA Bill Richardson, the Governor of New Mexico, has already been named as Commerce Secretary. /PA Tim Geithner, president of the Federal Reserve Bank of New York, has been nominated by Mr Obama to succeed Henry Paulson as Treasury Secretary. Mr Geithner is a divisive figure who played a large part in negotiating the sale of Bear Stearns, the investment bank, to JPMorgan; the Government's rescue of AIG, the insurer; and the decision not to save Lehman Brothers. /PA Lawrence Summers, previously Bill Clinton's Treasury Secretary, who advised Mr Obama on economics during his election campaign, has been chosen as director of the National Economic Council. /PA Christina Romer, an economics professor at the University of California at Berkeley, has been appointed to chair the Council of Economic Advisers. /PA { /S 897007783 /SO The Times /PD 19 December 2008 /PG 67 /SCT Business /HD France admits that general investors may be exposed;Madoff affair /BY Adam Sage in Paris /TX /PA The Madoff scandal stirred confusion at the heart of the French establishment yesterday as the Financial Markets Authority (AMF) was forced to retract a claim that no ordinary savers would be caught in the alleged fraud perpetrated by the Wall Street trader. /PA After a day of contradictions, the AMF admitted that about 8percent of French mutual funds worth a total of Euro 500million exposed to the Madoff fraud were sold to the public at large. The admission will fuel fears that ordinary investors in France - and in other countries, as well - could join bankers and billionaires on the list of Madoff's victims. /PA About 100 French funds managed by 30 or so companies face potential losses after investing indirectly with the trader through funds in the Irish Republic and Luxembourg, according to the AMF. /PA Amid concern of a panic, Jean-Pierre Jouyet, who stepped down as European Affairs Minister in the French Government to take over as chairman of the AMF this week, initially sought to dismiss fears that small investors could be hit. "This only involves well-informed investors, professionals who generally have a big fortune," he said. "There are no general public funds involved and no funds where there are small savers." /PA His

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words of comfort were echoed by Christine Lagarde, the Finance Minister, who said: "Our responsibility today is mainly not to frighten savers because there are no general public mutual funds involved." /PA However, her claim proved to be misleading. In a statement, the AMF said 66 per cent of the French funds with Madoff exposure were sold to wealthy investors, 26percent to institutional investors and 8percent - about Euro 40million - to the public at large. /PA Gerard Rameix, secretary-general of the AMF, described the Euro 500million exposed as "obviously very big and dramatic for the people who are directly threatened". /PA Serge Maitre, secretary-general of the French Association of Bank Users, said small investors were right to be concerned. "The first thing you should do is to worry," he said. "The second is to write a letter asking your investment manager to confirm that there is no Madoff in your fund. It's very difficult for customers to know whether there is any Madoff in there." /PA UBP, a private Swiss bank, owned up to Madoff exposure, saying that it faced potential losses of \$700million (Pounds 465million) in the alleged fraud. /PA Christophe Bernard, the head of asset management for UBP, said: "The exposure of the accounts under our discretionary management mandate and our funds of alternative funds is \$700million. The financial solidity of the bank is not affected and remains top flight." /PA Among other banks known to be involved are Banco Santander, of Spain, which has exposure of Euro 2.3billion, the Dutch arm of Fortis, with exposure of up to Euro 1billion, HSBC, whose exposure is about \$1 billion, and Royal Bank of Scotland, which faces potential losses of Pounds 400million. /PA However, Fairfield Greenwich Group, the New York asset manager, is the biggest loser to date, with exposure of about \$7.5billion. /PA { /S 897007784 /SO The Times /PD 19 December 2008 /PG 68 /SCT Business /HD Gazprom threatens to cut off supply if Ukraine fails to pay its \$2.4bn gas bill;Factbox /BY Carl Mortished, World Business Editor /TX /PA Gazprom will cut off gas supplies to Ukraine in January if the former Soviet republic fails to settle a \$2.4billion (Pounds 1.6billion) bill, the Russian utility said yesterday. /PA The threat to Ukraine emerged as signs of economic distress multiplied in Moscow and in Kiev, where Ukrainians protested against the rampant inflation caused by the collapse of their currency. /PA In Moscow, the Russian Government hinted that public investment programmes would be affected by the worsening economic climate and a deputy minister admitted that the Russian economy was shrinking, with recovery not forecast before the second half of next year. /PA Gazprom is Russia's cash cow, providing most of its income. It is enjoying bumper revenues because of high European gas prices, but these are set to fall sharply next year because long-term contracts are pegged to oil prices. /PA Gazprom said that Ukraine had paid \$800million of arrears, but a spokesman said: "If the debt is not paid and no other decision is found, we will not be able to sign a new contract and will have no legal grounds to supply Ukraine with gas starting from January 1." /PA Officials of the European Commission in Brussels expressed concern about the threat to shut down transit pipelines linking Siberian gasfields to Europe that cross Ukraine. "It's been happening every winter since 2005," a Commission spokesman said. /PA Viktor Yuschenko, Ukraine's president, said that his country would pay a further \$200million of its arrears soon. He said that the gas debt had accumulated because of the replenishment of reserves by Naftogaz, the domestic utility. /PA Ukraine accuses the Russians of seeking to exploit the arrears issue as a means of gaining control of the country's gas network. Ukraine is a weak link in Gazprom's transport network as the main trunk lines to Central Europe cross the former Soviet republic. /PA Ukrainians protested in the streets yesterday over price increases and delays in the payment of wages. Ukraine's currency, the hryvnia, has lost half of its value since September and has fallen by more than a fifth against the dollar over the past week. The country is burdened with huge debts in foreign currency and the value of Ukraine's exports, notably steel, have decreased because of falls in commodity prices and the weakening global economy. /PA Meanwhile, the Russian economic outlook has worsened with the expectation that the number out of work could rise by a million next year to 5.6million. Andrei Klepach, Deputy Economy Minister, admitted yesterday that Russia could be entering recession, contradicting previous government statements. "Based on our pessimistic scenario, the fall of gross domestic product will last for three quarters," he said. Mr Klepach said that his ministry's worst forecast was that Russia's economy will contract by 0.5 per cent in 2009 while the base case predicts that it will grow by 2.4 per cent. /PA 5.6m /PA Russia's expected jobless total /PA Source: Economic ministry /PA { /S 897007785 /SO The Times /PD 19 December 2008 /PG 68 /SCT Business /HD Rouble at new low as Russia edges towards devaluation /BY Tim Wall in Moscow /TX /PA The rouble hit a new record low yesterday, falling as low as 40 to the euro as sliding oil prices and a looming recession took their toll. /PA It was the third time in four days that Russia's currency had been allowed to weaken by the country's central bank, and the eighth widening of the rouble's band against a euro/ dollar basket in just over a month. Economists said that the Government was carrying out a "hidden devaluation". However, Igor Shuvalov, Russia's First Deputy Prime Minister and the head of the Government's anti-crisis task force, insisted that the rouble could recover soon. /PA This week's falls come as the Kremlin moves to take advantage of a rapidly weakening dollar

rate versus the euro. The rouble has slid 18per cent against the dollar, and 12 per cent against the basket, since summer. The Government has stemmed the fall at a cost of more than a quarter of the country's foreign reserves. Much more of these, at \$430 billion (Pounds 290 billion) still the world's third-biggest reserves, could be used in coming months to further prop up the rouble. /PA Top officials, from Vladimir Putin, the Prime Minister, and President Medvedev down, have pledged that there will be no big devaluation. Such a move - which last happened in 1998, the year of Russia's previous financial meltdown, when millions of Russians had their savings wiped out - could be political suicide for officials putting their name to it. /PA "They can avoid a big devaluation if they choose to continue spending their reserves on the defence of the currency," Kingsmill Bond, chief strategist for Troika Dialog, a Moscow investment bank, said. /PA Allowing a gradual devaluation could be "an expensive but not impossible solution", he said, adding: "The much bigger issue is the weakness of domestic growth as corporations are damaged by an expensive currency and a lack of domestic credit." /PA The dollar remains the currency to which most Russians' salaries are pegged, and in which most companies' debts are denominated. Ordinary Russians and businesses are bracing themselves for a possible sharp devaluation of the rouble in the new year. In a poll published yesterday, 47 per cent said that they feared that the economic crisis would be long-term, compared with 33per cent two months ago. /PA As prices for Russia's Urals crude oil have plummeted from their dizzy heights of \$140 per barrel this summer to below \$40, the Government's huge tax revenues from oil are shrinking fast. This could leave a gaping hole in the country's budget, and force big government spending cuts next year. It is feared that hundreds of thousands of Russians could lose their jobs over the next few months as a wave of "temporary" layoffs become more permanent. /PA Natalia Orlova, chief economist of Alfa Bank in Moscow, said that the Government was pursuing a policy of "hidden devaluation" by allowing the rouble to fall against the euro, while keeping it steady versus the dollar. /PA Eugene Belin, head of fixed income for Citibank in Moscow, called the widening of the band against the euro "a very smart move". Steady devaluation was a lesser evil than hurting economic growth by keeping the currency too high, Mr Belin said. /PA { /S 897007786 /SO The Times /PD 19 December 2008 /PG 68 /SCT Business /HD California pension fund finally appoints chief executive /BY Christine Seib in New York /TX /PA America's biggest pension fund has appointed a female chief executive for the first time in its 77-year history, putting Anne Stausboll in control of California's retirement savings. /PA The 52-year-old former lawyer will take over as chief executive of Calpers, the California Public Employees' Retirement System, on January 12. The \$182billion (Pounds 121.5billion) fund pays the pensions of 1.6 million former state and local authority workers and their families. /PA Calpers had been operating for almost six months without permanent employees in its top two positions before Ms Stausboll's appointment. She was previously the fund's acting chief investment officer. She replaces the acting chief executive Ken Marzion, who stepped in to the job when Fred Buenrosto retired last year. /PA The new chief has a number of pressing issues in her in-tray. The fund has shrunk from \$239billion at the end of June and has told public employers in California that they may have to make bigger contributions from 2010. /PA Some towns in the state have already cut services, with at least one blaming the expectation of paying bigger premiums to Calpers. /PA Calpers made bolder investment decisions than many pension funds over several years, and some of those calls have turned sour. Calpers was an enthusiastic investor in property and is one of the biggest owners of undeveloped residential land in the US. /PA The fund has also considered backing a management buyout of Gatwick airport in a deal that could be worth as much as Pounds 2.5billion. /PA Robert Grady, an executive of Carlyle Group, has been tipped to take the Calpers chief investment officer role. /PA { /S 897007787 /SO The Times /PD 19 December 2008 /PG 69 /SCT Business /HD Panasonic wins battle to buy rival Sanyo to create Japan's biggest consumer electronics conglomerate /BY Leo Lewis, Asia Business Correspondent /TX /PA Panasonic has triumphed in its 800billion yen (Pounds 5.9billion) bid to acquire the rival Sanyo Electric after seducing Goldman Sachs with a derisory deal-sweetener - a Y1-a-share advance on its most recent offer. /PA The transaction, which will create Japan's biggest consumer electronics conglomerate and give Panasonic control of Sanyo's leading-edge battery and solar-panel businesses, comes after weeks of wrangling with the company's three largest shareholders, a trio that includes two Japanese banks and Goldman Sachs. /PA Panasonic's bid for Sanyo - a deal that senior management once said it "wanted so badly we can taste it" - hinged on the three-way decision of those banks. When they hauled Sanyo back from the precipice of failure two years ago, they were left with preferred shares that, when converted into ordinary shares, would represent a combined 70percent stake in Sanyo. /PA Just a fortnight ago, when it appeared that Sumitomo Mitsui and Daiwa Securities were prepared to accept Panasonic's raised offer of Y130 a share, Goldman Sachs left the negotiating table, slamming Panasonic's offer as "unfair" on shareholders. /PA Those objections now appear to have evaporated in the face of the offer of Y131 a share tabled by Panasonic on Wednesday, an offer that was accepted

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within days of Goldman Sachs announcing its first quarterly loss, of more than \$2billion (Pounds 1.32billion), since going public nine years ago. /PA Goldman Sachs's original 2006 investment in the Sanyo bailout deal was worth about Y125billion. Under the revised terms, Panasonic will pay Y234billion for that stake. /PA Although, during negotiations, the Wall Street bank did not publicly specify an offer price that it thought might represent fair value for Sanyo, sources close to the discussions said that Goldman Sachs may have entertained visions of squeezing about Y170 a share from Panasonic. /PA The new offer is below Sanyo's current market price and the decision to accept it at those levels hints at Goldman Sachs's weakening hand at the negotiating table as Sanyo's growth prospects diminish in the slump. /PA The timing and suddenness of Goldman's capitulation also highlights the severe deterioration in Japanese export strength and the financial damage that electronics companies are suffering from the soaring yen, Tokyo brokers said. /PA With only slim prospects of the yen going back to its former levels in the near future, many Japanese exporters have begun issuing dire warnings of losses in the first half of next year. /PA Panasonic is one of a number of groups forced to issue a profit warning as US, European and Asian consumers lose their appetite for white goods, widescreen TVs and gadgetry. /PA { /S 897007788 /SO The Times /PD 19 December 2008 /PG 69 /SCT Business /HD The Japanese Government is planning to resurrect one of the most awesome weapons in its financial arsenal /BY Leo Lewis /TX /PA The Japanese Government is planning to resurrect one of the most awesome weapons in its financial arsenal - a state-backed share-buying machine with a Y20trillion budget (Leo Lewis writes). /PA It could rumble into action early next year to "stabilise" falling markets by buying the worst-hit stocks held in the portfolios of Japan's biggest banks. /PA The gambit has been tried before - it was known as the Banks' Shareholdings Acquisition Corporation (BSAC) - but never on anything approaching the scale now proposed. The banks own about 4.7per cent of the Japanese stock market. The Y20 trillion at the disposal of the state purchasing entity represents 7 per cent of the market capitalisation of the Tokyo Stock Exchange's First Section. /PA The BSAC was created in 2002 at the height of Japan's bad-loans crisis and with the financial system in danger of collapse. Much of the crisis arose from the huge portfolios of stocks held by Japan's major banks, which meant that every time the market fell, the capital adequacy ratios of the banks were badly dented. /PA { /S 897007789 /SO The Times /PD 19 December 2008 /PG 69 /SCT Business /HD Sign of growing relationship as Apple takes Pounds 3m stake in Imagination /BY Dan Sabbagh /TX /PA Shares in Imagination Technologies (IMG) soared yesterday after Apple reported that it had taken a 3.6percent stake in the Hertfordshire-based digital radio maker. /PA The shares rose 28percent to 50p in the minutes after it emerged that Apple had picked up 8.2million shares for about Pounds 3million. The shares later fell back to close 23per cent higher on the day at 48p, a gain of 9p. /PA Imagination makes Pure-branded digital radios, the market leader in the UK, and is behind much of the technology underlying the digital audio broadcasting (DAB) standard. /PA However, the relationship between Apple and Imagination is thought to stem from another Imagination product. In September, Apple was believed to be the party to a significant licensing deal in which an unnamed buyer bought the rights to an Imagination-designed set of chips that deliver enhanced on-screen graphics. /PA Some Imagination technology is used in Apple's iPhone, but the apparent agreement in September and yesterday's share purchase is a sign that the relationship between the two companies is deepening. /PA Apple's timing is opportune because Imagination's shares were trading at five year lows amid worries about the prospects for digital radio in the UK, after Channel 4 said that it could no longer afford to invest in a digital radio network. /PA Dan Ridsdale, a Teathers analyst, said that Apple's move was a clear endorsement of Imagination's intellectual property. "It gives us further confidence that IMG's royalty per share from Apple devices should increase as it launches devices on its own chips," Mr Ridsdale told clients in a note. "(But it is) very unlikely to lead to a takeover in our view, given IMG's broad licensee base and Intel's investment." /PA Seymour Pierce initiated coverage of Imagination with a "buy" recommendation and a 53p price target. /PA Meanwhile, speculation intensified that there will be no big product announcements at the Macworld convention in January after this week's disclosure that Steve Jobs, Apple's chief executive, will not be giving the keynote address. NPD, the market researcher, said this week that Apple sales were being hurt by the lack of a new desktop computer, and Goldman Sachs expects the company to confront a tougher environment as demand for its high end products weakens. /PA Yair Reiner, an Oppenheimer analyst, expressed concern about the future, saying: "The question isn't just 2009, it's what happens after that. What are going to be the next set of products that continue to drive the shift from Windows to Apple?" /PA { /S 897007790 /SO The Times /PD 19 December 2008 /PG 71 /SCT Business /HD Hold the front page, there could be a late advert;Media /BY Dan Sabbagh, Media analysis /TX /PA It's hard to know what to look forward to in 2009 - but it is obvious that in the newspaper industry the big story will be about one thing: debt. Johnston Press has already tapped investors for cash, while, in America, Sam Zell's ridiculously over-leveraged Tribune Group is in Chapter 11 bankruptcy

protection. /PA It is easy to make all sorts of assertions - a few numbers, though, might help to explain how tough it might become. /PA There are three parts to the newspaper revenue model: readers, advertisers and the digital bit. For upmarket titles, such as, The Times, The Guardian and The Daily Telegraph, something over half of revenue comes from advertising. For tabloids, a similar level of revenue comes from the cover price. /PA Cover prices are rising and circulations are falling; add it all up, and the expectation is that revenue from copy sales will be roughly unchanged. /PA In a way, this makes amateur forecasting easy: take the advertising revenue forecast for 2009 and halve it to find the total impact on a title's turnover. The hard part is working out how bad 2009 will be. Publishers generally talk about a fall in advertising of about 15 per cent (although the past fortnight has been better), roughly the level of decline since the summer - although, helped by retailers' spending, The Sun, at least, seems to be doing better. /PA Digital, meanwhile, is not big enough to compensate to any great extent. Newspaper owners do not release digital advertising figures, but those who are doing well with digital, are likely to receive about 7 to 8 per cent of total revenues, meaning that print advertising is more than 40 per cent. Translate that into a figure and it might be Pounds 20 million per title; increasing that by 25 per cent to Pounds 25million does not offset a big fall in print advertising revenues of five times that size. More generally, companies hoping for lots of digital advertising revenue have usually been over-optimistic - with the exception of the global winners. Google alone is forecast to take 55percent of the Pounds 2.9 billion online advertising market in the UK, leaving everyone else to fight over what's left. /PA As for trading, that's not likely to change in January, what with ITV, the best lead indicator for the whole advertising market, predicting a fall of anywhere between 12 and 18 per cent. The question, though, is what will happen throughout the year and whether credit and consumer confidence will pick up by summer. /PA ZenithOptimedia, the industry forecaster, estimates that newspaper advertising will be down by 3.6 per cent in 2009, which, if true, would have proprietors singing Hallelujah in harmony with Alexandra Burke. /PA That thinking rests essentially on next year's second half not being as bad as this one. That is a possibility, of course, but there is no obvious summer catalyst - no World Cup or Olympic Games around which advertisers like to spend. What is certain is that fairly small percentage differences add up to big numbers. /PA To illustrate, last year The Guardian and Observer had turnover of Pounds 261 million; the Telegraph titles, Pounds 356 million; Mirror Group Newspapers, Pounds 488million; Associated Newspapers, home of the Daily Mail, Pounds 859 million, and News International, owner of The Times and The Sun, Pounds 1.08 billion. If Zenith is right, turnover will fall by between Pounds 4 million and Pounds 20 million - assuming all publishers are affected equally. Not much imagination is required to see what would happen if advertising fell by 7 per cent, twice the Zenith prediction. /PA That would be more easily bearable if costs could be controlled, but that is not so simple - not least because of the soaring cost of newsprint. It is set to increase by 16 per cent next year, and paper costs for newspapers represent about a fifth of total turnover. Even allowing for recent redundancies, it is proving tough to reduce costs in 2009. Expect profits, then, to fall by about as much as advertising comes down, with soaring newsprint costs absorbing the savings achieved. /PA None of this is welcome news for the newspaper industry, but it is still far from time to argue, as the American chat show Jon Stewart did recently, that newspapers are black and white and completely all over. /PA Having a pile of cash helps. With Pounds 367million in the bank, and profits from Auto Trader elsewhere, Guardian Media Group can afford to run a Pounds 26.4 million loss on its national newspapers for a while. /PA Those with higher levels of debt and a smaller business have less room for manoeuvre. Such publishers will look forward to economic recovery - whether it is Trinity Mirror, with Pounds 450 million of debt against Pounds 135 million of forecast operating profits in 2008; Daily Mail and General Trust, with Pounds 1billion of debt against Pounds 317million of operating profits in its year end of September 28, 2008; or Telegraph Media Group, with Pounds 218million of borrowings on Pounds 38.5million of operating profits in 2007. /PA By next summer, we will know what the economy is delivering. /PA dan.sabbagh@thetimes.co.uk /PA { /S 897007791 /SO The Times /PD 19 December 2008 /PG 71 /SCT Business /HD Controversial Phorm is out to alter world of online advertising;Media /BY Dan Sabbagh, Media Editor /TX /PA In its short life, Phorm has managed to create more controversy than should be possible for a company worth Pounds 40million. Kent Ertugul, its founder, modestly promises to revolutionise online advertising through software that monitors where people surf. /PA Phorm has been investigated by the City of London Police, who decided that its technology did not warrant further investigation; it has won approval to operate after a separate inquiry by the Department for Business; and it has been forced to revise its privacy policies. It has allayed the official concerns, but Phorm's share price crashed, dot-com style, from Pounds 35 in February to 200p on Monday. /PA Working with the internet providers BT, Virgin Media and Carphone Warehouse, Phorm aims to show you advertisements that you want to watch based on the sites you visit online. Not everybody wants to be monitored, but after a 10,000-person trial, BT said this week that it

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would go ahead, on the proviso that its internet subscribers would be able to opt out. Phorm's shares rose accordingly, closing yesterday at 287p. /PA Mr Ertugul, a native of London who has an American accent, founded Phorm in 2004 with the help of Russian programmers whom he had recruited soon after the Cold War and who worked with him on a range of software businesses in the 1990s. His enthusiasm for Russia was such that he also ran MiGs Etc, a tour company "that put tourists in military jets". /PA The softly spoken Mr Ertugul, a 20per cent shareholder, is at pains to explain Phorm's approach to privacy. He said: "We sit in the middle, between the internet provider and the network, see what websites people visit, and if we think it is relevant to an advertiser, generate a tag - like cars or cameras - that remains associated with that person". The key, he says, is that although Phorm's software may conclude that you are interested in buying a car after a visit to the Auto Trader website, "we do not store any of the reasoning", meaning that Phorm maintains no repository of where you have gone. /PA He said: "Even if somebody comes and demands we give up information about where people have visited, we can't tell them, because we don't keep it." /PA What Phorm does do is associate surfers with a bundle of tags, and when it runs into a participating advertiser, it will offer up a relevant advert. Those who are tagged with "car" might see Ford advert; those on the "camera" list will get a Canon clip instead. "We don't aim to show anybody more than one targeted advert a day," Mr Ertugul said, although that may depend on how much time is spent online. /PA "What it means is that it could be worthwhile for somebody who runs a site on a subject like social policy to sell adverts, because the adverts will be relevant to the visitors and valuable to the advertisers," he said. Phorm's income is intended to come from taking a cut from advertisers to use its system, with the bounty shared with its partner internet provider. /PA What all that is worth is anybody's guess. Landsbanki reckons that Phorm can generate Pounds 14.9million turnover in 2009; Canaccord Adams suggests Pounds 60million. However, Phorm's prospects of going global, which Canaccord's figure implies, have been hindered by a series of management changes. Stephen Heyer, the previous chairman, a former Coca-Cola executive, lasted four months, and three other American executives left as the group has failed to get into the US. "We had a board of a Fortune 10 company, when we were AIM listed," Mr Ertugul said, although there is talk that the entrepreneur is tough to work with. Hugo Drayton, the UK chief executive, stepped down yesterday, but will continue as an adviser. /PA It is far from clear that Phorm's concept will take off outside the UK, or that there is enough interest in its targeted advertising to make serious money. Trying to get ahead of Google is not easy. /PA { /S 897007792 /SO The Times /PD 19 December 2008 /PG 71 /SCT Business /HD Colette Bowe;Mediapolis;Media /BY /TX /PA Colette Bowe's appointment as chairman of Ofcom is curious, because when the communications regulator was set up, the idea was that it would be different - run by people from industry, and not a professional regulator, which is broadly Ms Bowe's qualification. Much the same can be said of Ed Richards, the chief executive. One wonders whether Ms Bowe's appointment was a chance missed to bring in somebody who is not a quangocrat. /PA { /S 897007793 /SO The Times /PD 19 December 2008 /PG 71 /SCT Business /HD Freeview growth stalled over the third quarter;Mediapolis;Media /BY /TX /PA Freeview growth stalled over the third quarter. Freeview-only homes fell slightly to 9.3 million, according to data released by Ofcom. Nor is there any sign of free-satellite taking up the slack, with homes using that falling from 840,000 to 617,000, even though the BBC-ITV Freesat was launched in May. If there were not a recession on, it would be worth arguing that Freeview has hit a limit, but you would expect cash-conscious consumers to be looking hard at pay-television spending in the next few months. /PA { /S 897007794 /SO The Times /PD 19 December 2008 /PG 71 /SCT Business /HD Who says EMI has no new signings?;Mediapolis;Media /BY /TX /PA Who says EMI has no new signings? A note from the beleaguered music company arrives: 20 have been signed up by the new A#38;R team of Nick Gatfield and Billy Mann over the past three months. There's a live album from Van Morrison and a new global deal with Depeche Mode (booting out Warner in the US), plus new acts such as the snowboarder musician Trouble Andrew, the West Coast band Hockey, who may come good, and Gola, Switzerland's most successful solo artist. How's that? /PA { /S 897007795 /SO The Times /PD 19 December 2008 /PG 71 /SCT Business /HD TechCrunch, the Silicon Valley news site;Mediapolis;Media /BY /TX /PA TechCrunch, the Silicon Valley news site, will now flout every embargo demanded of it. Microsoft, Google and many other major technology companies like to pre-brief news to favoured media, but insist that publication is restricted to a day or two hence. However, the practice, TechCrunch says, is at risk of collapse because there are too many websites desperate to break the embargo. TechCrunch is right; pre-briefings of hot news only encourage leaks. /PA { /S 897007796 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Morgan Sindall;Tempus;Markets /BY Nick Hasell /TX /PA The last time that Morgan Sindall issued a pre-close update it contained a profit warning, so yesterday's confirmation from the small-cap building contractor that trading is on track was met with some relief. Its shares surged 15 per cent to a three-month high. Not

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that Morgan's communique was wholly free of caveats. Demand in its office fit-out division, which includes Overbury, the market leader, is forecast to weaken next year, as might be expected. Elsewhere, trading in the company's urban regeneration division remains subdued, notwithstanding last month's award of a Pounds 350 million contract to revamp Swindon's town centre. But there was much to reassure. About 70 per cent of turnover in Morgan's construction arm is government related, which should benefit from the Chancellor's plan to pull forward spending on public works. In infrastructure, the company's expertise in tunnelling makes it well placed to capitalise on the wave of excavation work due to be put out for tender, including the Pounds 1 billion-plus Thames Tideway and Pounds 5 billion Crossrail schemes. The more immediate comfort is that Morgan has net cash of more than Pounds 100million and that its dividend, which even after yesterday's rally still provides a yield of 6.8 per cent, is more than twice covered by next year's forecast earnings. /PA But at 5891/2p, up 75p, or a forward multiple of nearly seven times, it is hard not to feel that the shares have run their course for now. Bargain hunters would do better to await February's full-year figures before buying in. /PA { /S 897007797 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Rumour of the day;Markets /BY /TX /PA Oilexco slumped 43p to 59p after concerns about its financial future were raised in Canada, where the oil group is also listed. Tristone Capital suggested that the only way the group could avoid bankruptcy was to find a buyer, hinting that BG Group or E.ON Ruhrgas would be logical suitors, given existing partnerships in some fields. /PA { /S 897007798 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Investors could be on a winner as Rank's losing streak fades;Tempus ;Markets /BY Nick Hasell /TX /PA Long-suffering shareholders in Rank Group may be forgiven a sense of deja vu. Having entered the recession of the early 1990s with too much debt - it had just bought Mecca Bingo - the slimmed-down leisure group is heading into this downturn in much the same shape. Borrowings are a hefty Pounds 215 million, including a Pounds 167million convertible bond, to be redeemed out of existing banking facilities next month which, relative to Rank's stock market value, is proportionately higher than last time. /PA The consolation is that, having already coped with the blow of a smoking ban and the scrapping of high-jackpot Section 21 gaming machines, underlying trading is showing tentative signs of improvement against depressed year-on year comparisons. Yesterday's year-end update reveals that group like-for-like sales were up 1 per cent over the past 15 weeks, a clear advance on the 7 per cent decline recorded for the full year. At Mecca, sales are flat, having been down 15.8 per cent at the half-year. /PA If there is a disappointment, it is that trading at Grosvenor Casinos has slowed - reflecting weakness in the provinces rather than in London, where sales remain buoyant - as has business as its Blue Square sports betting division. In Spain, poor trading at the Top Rank bingo operation was partly offset by the translation effects of a stronger euro. /PA But tax matters are finally moving in Rank's favour. Last month, the company received back from HM Revenue #38; Customs the Pounds 59 million it had overpaid in VAT in its bingo division and yesterday it confirmed that ongoing non payment of that tax will boost this year's operating profits by about Pounds 6 million. Cost-cutting and moderating cost inflation, notably from lower energy bills, should also underpin future profitability. /PA Rank's share register is packed with possible trade bidders from Asia, although there is little reason to believe they will move quickly. Neither, since last year's cancellation of the dividend, are shareholders getting paid while they wait. /PA However, with Rank's long losing streak appearing to wane, and earnings set to rise in 2009 for the first time in five years, at 65p, or 11 times 2009 earnings, there is every reason to hang on. /PA { /S 897007799 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Bet of the day;Markets /BY /TX /PA The pound may already be worth only one euro on the high street, but how long will it be until the same is reflected on the trading floors of the City? One pound cost Euro 1.0569 in late London trading yesterday, down 1.98 per cent on the previous session. WorldSpreads' rolling spot spread is offered at 1.0575 to 1.0580. /PA { /S 897007800 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Deal of the day;Markets /BY /TX /PA Robert Forrester, a director of Vertu Motors, the new and used car group, has bought 94,000 shares at 101/2p each. He now holds more than 4.4percent of the company. Unlike others in its sector, Vertu reported a rise in first-half sales in October, which beat market expectations. Panmure has the stock as its key pick in the sector. /PA { /S 897007801 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Blue Oar snubs all-share offer;Smaller companies;Markets /BY Peter Stiff /TX /PA The battle for control of Blue Oar intensified yesterday, with the small-cap broker issuing a stern defence while Evolve Capital, its potential suitor, stepped up hostilities. /PA Blue Oar rejected the all-share offer made last week as "derisory, opportunistic and wholly inadequate", saying shareholders were being offered illiquid shares at a substantial discount to the original bid price. It also claimed Evolve's strategy, which includes spinning off Rowan Darlington, the broker's wealth management arm, lacked rationale. /PA Meanwhile, Evolve, the investment group led by Edward Vandyk, Blue Oar's founder, responded by questioning its target's cashflow and future business strategy. The group has also put

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in place a system whereby Blue Oar's staff, who control 20 per cent of the group, can vote in favour of the takeover anonymously, avoiding the wrath of superiors. /PA Evolve is also preparing to requisition a general meeting to oust the Blue Oar board if the offer becomes unconditional. Blue Oar rose 11/2p to 111/4p and Evolve fell 1/2p to 9p. /PA Imperial Innovations, the intellectual property commercialisation group, rose 3p to 227 1/2p after revealing the sale of Thiakis, one of its portfolio companies that is developing an obesity drug, to Wyeth Pharmaceuticals in a deal that could be worth up to Pounds 100 million. /PA Plant Health Care dropped 75p to 145p after the agriculture group revealed that Bayer CropScience had, out of the blue, terminated a deal to develop its Myconate product. /PA Dowgate Capital fell 1/2p to 41/2p after warning that it would fail to meet market expectations for the year. /PA Energybuild rose 3p to 15p after signing a five-year coal supply contract. /PA { /S 897007802 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Petrofac;Tempus;Markets /BY Nick Hasell /TX /PA It says something about the severity of the sell-off in oil services stocks that Petrofac, down 40 per cent this year, is still the best performer in its sector. /PA As its trading update showed yesterday, however, that relative resilience is not without reason. In contrast to Wednesday's cautionary comments from the rival Wood Group, Petrofac - which loses its place in the FTSE 100 today - gave a confident outlook for next year. /PA Bidding activity remains high, with new projects being tendered in the past few months to supplement the \$10billion (Pounds 6.6billion) pipeline of work for which it is pitching. The caveat is that Petrofac expects "some pressure on discretionary spending" from its oil and gas clients. /PA Apart from the slide in oil prices, to which Petrofac is exposed through its North Sea oil exploration division, nervousness lies with the potential of oil majors to cancel planned capital expenditure or, at the least, to renegotiate contractual terms in the face of falling raw material costs (largely steel and cement). /PA That is a headache for Petrofac, which is unusual in building onshore petrochemical plants under fixed-price deals. By its own admission, such tweaking of terms is under way. /PA But Petrofac has several key strengths. It operates mostly in the Middle East, where the marginal cost of oil and, hence, the risk of cancellations is low. Onshore facilities, unlike drill rigs, are usually among the last to feel the pinch, if only because they are closer to the point at which oil companies start to generate cash from their investment. /PA A strong balance sheet (net cash of about \$300million if client prepayments are ignored) is also persuasive. However, with the shares, at 341p, or six times 2009 earnings, having rallied nearly 20 per cent in the past two weeks, there will be better times to buy. /PA { /S 897007803 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Tiddler to watch;Markets /BY /TX /PA Clarity Commerce Solutions rose 11/2p to 15p after the software group signed a contract with an unnamed US bedding chain with about 1,000 stores that will allow sales data to be fed back to its headquarters. Although the deal is not particularly lucrative it will act as a good reference as it tries to win new business across the Atlantic. /PA { /S 897007804 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Miners dragged lower as price of copper tumbles;Market report;Markets /BY Peter Stiff /TX /PA Blue-chip miners have been dragged down in the wake of falling metal prices over the past year and yesterday proved to be no exception. /PA Prices have come under increasing pressure with commodity dealers fearing that slowing economies around the world - including China and India - will lead to weaker demand. Such concerns sent the price of copper to a four-year low. /PA The metal, used widely in the construction industry, sank to \$2,871 a tonne, its lowest since December 2004, which proved bad news for Antofagasta, down 253/4p at 4211/4p, which mines copper in Chile. /PA Worse still for the company, analysts are predicting that copper prices, which have fallen about 65 per cent since a record high of \$8,940 in July, could drop even lower, possibly to \$2,500 a tonne. /PA The idea that a copper recovery could still be some way off is exactly why Societe Generale, the French investment bank, decided yesterday to advise its clients to sell Antofagasta's shares. The bank's commodities team believe that 2009 will be a year of two halves for base metals, with weak demand continuing to weigh down prices in the first half, until recent fiscal stimulus packages boost demand in the second half. Either way, they believe that copper prices will not recover until the middle of the year, at best. /PA Additionally, SocGen believes that the company faced substantial cost increases this year, while the price of copper had dropped, eroding profit margins. The bank subsequently downgraded its rating on the stock to "sell" from "hold" and cut its target price to 350p from 420p. /PA Overall, a directionless FTSE 100 edged up 6.47 points to 4,330.66 despite another session of heavy losses for banks. /PA Royal Bank of Scotland fell 4p to 461/2p and HBOS lost 3.3p to 641/2p on concerns about the economy and possible additional capital injections. HSBC continued its slide, down 463/4p to 6251/4p, on fears over its capital strength. /PA British Land was among the top risers, up 291/2p to 565p, after appointing Chris Grigg to succeed Stephen Hester as its chief executive. /PA Transport groups Stagecoach, up 7.4p to 136.4p, and FirstGroup, up 15p to 4071/4p, made ground after upbeat trading updates from peer Arriva, which rose 281/2p to 5751/2p. The FTSE 250 group did, however, say that fuel costs would rise Pounds 60 million next year. /PA Marks #38; Spencer slipped 21/4p to

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2241/4p on continuing talk that trading was dismal last week. /PA Informa, the publishing and events group, was among the second tier's top performers, rising 19p to 2383/4p, after reassuring investors that annual results would be in line with expectations. /PA SVG Capital dropped 663/4p to 1151/4p after the listed private equity group said that it would launch a discounted Pounds 200 million rights issue. /PA Intertek, the testing group, gained another 53p to 815p after directors bought shares and positive comments from SGS, its Swiss rival. /PA New York: Shares on Wall Street continued to slide after a negative ratings outlook on General Electric rattled already fragile investor confidence. The Dow Jones industrial average closed at 8,604.99 points, down 291.35. /PA { /S 897007805 /SO The Times /PD 19 December 2008 /PG 73 /SCT Business /HD Gilts;Markets /BY /TX /PA Gilts rallied after Charles Bean, the Deputy Governor of the Bank of England, said it was possible that the bank could cut rates to zero. They held most of their gains even after data showed British retail sales volumes rose unexpectedly in November and government borrowing hit a record high. Yields on two-year gilts fell to 1.22 per cent. /PA { /S 897007806 /SO The Times /PD 19 December 2008 /PG 77 /SCT Business /HD The week;Public sector /BY /TX /PA Monday /PA Extra judges are being drafted in to the courts to deal with more than 8,000 asylum and immigration appeals a year. The increase in immigration work has been /PA attributed to a rise in the number of applications being made to the UK Border Agency and to the Asylum and Immigration Act 2004, which makes the High Court the only place an appeal can be heard. /PA Tuesday /PA Tens of thousands of former public sector employees were told they face a cut in their pensions after it was found that millions of pounds worth of overpayments had been made. It emerged that retired NHS and armed services personnel may have been overpaid for decades by Xafinity, the company that administers about 5 per cent of the Britain's two million public sector pensions. /PA Up to 50,000 jobs could be lost in a partial privatisation of the Royal Mail, unions cautioned. Ministers were said to be considering a report that recommended opening up half of the state-owned group to private businesses and closing half of its 71 mail centres. /PA Wednesday /PA The media is to be allowed access to all family cases heard in court from next April. The announcement means that social workers and expert witnesses criticised by judges could be named publicly - they are currently guaranteed anonymity. There will be tight restrictions to protect families and children and they will have the right to apply to have the media excluded. /PA Thursday /PA Plans for direct elections to police authorities have been dropped by /PA the Government. It was feared that they could lead to extremist politicians being able to control forces. The proposal was expected to run into strong opposition on the back benches and in the House of Lords. /PA Ambulance staff have just had their busiest ten days for ten years, Peter Bradley the national director of ambulance services, said. The rush was attributed to the cold weather causing falls and breathing problems, combined with outbreaks of flu and norovirus (the winter vomiting bug). Mr Bradley predicted things could get worse with an expected seasonal rise in drink related incidents. /PA { /S 897007807 /SO The Times /PD 19 December 2008 /PG 77 /SCT Business /HD Are GCSES too dull for bright pupils?;Public sector /BY John Welsh and John Dunford /TX /PA The exams are 'formulaic and boring', according to the Master of Wellington College. Is he correct? /PA YES /PA John Welsh /PA Headteacher, /PA Bexley Grammar School /PA We are a grammar school in a South London suburb and take the top 25 per cent of students in terms of ability - we're not super selective. Our students are bright, but they're typical. /PA With our brightest students, we find there is quite a gap between GCSEs and A levels, or the International Baccalaureate (IB), which we offer. If students want to go on to university to study science, for example, we find that GCSEs don't stretch them enough and don't develop the skills necessary for a university degree. /PA We are looking for something with a little bit more rigour and the international GCSE (iGCSE) seems to have that. They were developed from the old O levels and command greater attention to detail. They are more technical and academic than normal GCSEs. At the moment you can take iGCSEs abroad and in independent schools. Lots of independent schools are putting their students in for iGCSE courses and other alternatives to GCSEs such as the Middle Years Programme, which leads to the IB. /PA GCSE science in particular is not demanding enough for our brightest students. I believe that there's been an attempt to make the GCSE science course more accessible for a broader range of students. In doing so, it has removed some of the detail and made it less academic. This has made it more difficult to jump from that to A level. The Government should revisit the science GCSE syllabus and assess its suitability for the full range of abilities. I understand that they are trying to make science appeal to a wider audience. However, the problem is that it doesn't develop academic rigour. It's not going to develop scientists, but only people who are aware of the general principles of science. /PA Other subjects don't have such a wide gulf between GCSE and A level. In maths, there are qualifications you can take to supplement the GCSEs. Some of our students will take Additional Maths. Really, though, GCSEs should be stretching enough for all students. The exams need to be looked at with regard to the full spread of ability. It seems

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to me that it's the most able students who are not being given the proper academic diet - not enough challenge, content or depth of understanding. We want to run the iGCSEs, but we have been told by the Education Secretary that because we are a state school we're not allowed, as they are not accredited by the Qualifications and Curriculum Authority. /PA I hope that the Government will approve iGCSEs so that we can offer the same advantages and courses as independent schools. I fear that if state school students are not offered more stretching courses, they are going to find it more difficult to compete with students from the independent sector. I believe they will go on to take their A levels from a better basis and thus gain the highest grades and the best university places. The danger is we will end up with a two-tier system. /PA NO /PA John Dunford /PA General secretary, the Association of School and College Leaders /PA The purpose of the GCSE is, and always has been, to provide an examination for the whole ability range, replacing the separate O level and CSE examinations. We must not return to educational apartheid at age 16, or the needs of modern society will not be served. So GCSE papers have to be set in a way that provides a challenge for the most able students who aim to obtain a top grade, while being accessible for young people of lower academic ability who must have the opportunity to demonstrate their knowledge and skills without being put off by inaccessible questions. /PA The criticism of the GCSE that it does not stretch the brightest pupils is aiming at the wrong target. Good teachers do not regard an exam syllabus as a limitation on the education of their pupils. Teachers of bright pupils have always gone beyond the syllabus to stretch the intellect of their pupils. Good English teachers will introduce the brightest pupils to a wider range of texts, good maths teachers will explore more abstract concepts, good geography teachers will bring into their lessons parts of the world that are not on the syllabus, and good history teachers will encourage bright students to read widely and gain greater depth in their understanding of historical interpretation. The ages of 14 and 15, when children generally do GCSE courses, is exactly the right age to stimulate their intellects in this way. Good teachers help them to achieve top grades, but they must also bring to them the excitement of learning and it is expecting too much of any syllabus that it should do this for all students. The International GCSE (iGCSE) certainly won't. /PA It is not true, either, that the GCSE examinations are getting easier. I understand that there is a fear that the modular approach to GCSE assessment will lead to a "bite-sized chunks" approach on the part of pupils. But this is not a foregone conclusion; rather, it is one that depends on the way in which the teacher approaches the subject. /PA To create a situation in which independent schools do one kind of exam and state schools do another would be extremely damaging to the education service as a whole. The iGCSE is a throwback to an earlier era and it is backward to move in that direction. It is an O level-type paper, and its syllabus and examination style will not necessarily be more challenging than the GCSE, even in the hands of good teachers. I think there is a false optimism around the idea of the iGCSE and the Middle Years Programme of the International Baccalaureate, which Anthony Seldon, the Master of Wellington College, favours. /PA It would be far better if independent schools worked within the system to improve the GCSE. What I would like to see these schools do is join the debate from the inside, rather than the outside. The whole education sector - independent and state-funded - must come together to discuss what's next for the GCSE examination. /PA { /S 897007808 /SO The Times /PD 19 December 2008 /PG 76 /SCT Business /HD Global aid in crisis as cash supply dries up;Factbox;Public sector /BY Parminder Bahra /TX /PA The credit crunch has hit philanthropists and the public is more sceptical, according to a UN adviser, reports Parminder Bahra /PA International aid programmes are in crisis, with governments around the world failing to honour funding promises, individual donors sceptical about aid policies and wealthy philanthropists losing money in the economic turmoil. /PA Jeffrey Sachs, special adviser to the United Nations, told The Times: "We have a terrible situation because the overall aid system is on its knees and that was true even before this global economic crisis." /PA Professor Sachs said that the commitments made in 2005 as part of the Gleneagles agreement, when the G8 group of the world's richest nations agreed to substantial debt relief and a commitment to increase aid to Africa, have not been fulfilled. /PA "Promises that were made in 2005 are our benchmark with very specific time bound commitments," he said. "Europe is not meeting them, the United States is not really at the table properly, Japan has been cutting aid relentlessly and this is a very serious problem." /PA He added that the economic downturn will have dire consequences for the poorest nations. "It has recently been reported that the number of deeply hungry people has risen to nearly a billion," he said. "There is an energy crisis, a continuing food crisis, a global economic crisis and aid efforts that are definitely flagging at best." /PA Professor Sachs's work as adviser to Ban Ki Moon, the UN Secretary-General, has led him to argue strongly the case for aid as the key to economic development. "There are a tremendous number of things that can be done and aren't being done," he said. "And we are really emphasising the need to step up aid in magnitude and intensity but also to improve the quality of aid." /PA Professor Sachs is critical of suggestions that it is more important for developing countries to secure a trade

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agreement in the World Trade Organisation talks than to be given more aid. He said: "Trade issues are not the most important issues, actually. /PA "I can tell you that the problems of the poorest countries are the need for basic infrastructure, roads, power, skills, education, water, climate resilience and foreign partnerships that will come along in co-operation with the private sector. /PA "The markets are not perfectly open and there are some egregious abuses - for instance in cotton, where African countries are competitive but face completely unjustifiable barriers in Europe and the US. However, it is not right to think that they are the main obstacles. /PA "Markets are open enough, but the problem is the low productivity in the poorest regions that reflects the lack of critical capital." /PA Professor Sachs has sought to raise the profile of Africa and its developmental needs among government leaders and the public. Time magazine recently dubbed him a "celebrity economist" after he travelled to Africa with celebrities such as Angelina Jolie and Bono and showed them around his many projects. /PA He cautions, though, that the earlier momentum could stall with the threat of recession and a public that is more sceptical and more scrutinising of the effects of aid policy. /PA "I think in many cases there is too much talk and not enough action, and too much theorising and not enough practical results," he said. /PA Professor Sachs adds that "by being very focused and identifying specific needs and opportunities, we can win the public support that is vital for an on-going aid programme." /PA He is also concerned that philanthropic foundations, such as his own Earth Institute at Columbia University in the US, will find funding difficult in the future. The academic says that the world is experiencing "a remarkable loss of wealth unprecedented in modern times". As a consequence, virtually every philanthropic foundation is finding its revenue streams squeezed and he describes a similar situation among universities. /PA Professor Sachs is head of the UN's Millennium Project, which provides research to achieve the Millennium Development Goals, which are to reduce poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by 2015. /PA The goals were signed up to by 189 UN countries, including the UK and the US. Professor Sachs is highly critical of the US Administration for its failure to support the meeting of these pledges. /PA His comments come in the same week that the World Bank has published its annual development report. In a press conference, Justin Lin, its chief economist, said: "We know that, in developing countries, every 1per cent reduction in the growth rate will mean that about 20 million people will lose the opportunity to get out of poverty." /PA The World Bank has recently downgraded its annual growth prospects for developing countries to 4.5 per cent for this year, it having been 7.9 per cent in 2007. /PA On current trends, it is unlikely that many of the development goals will be achieved - but Professor Sachs believes that the targets can be met and his Millennium Cities and Villages Initiatives (see left) will demonstrate how this is possible. /PA CV: JEFFREY SACHS /PA Born: November 5, 1954 /PA Education: BA, Harvard, 1976; MA, Harvard, 1978; PhD, Harvard, 1980 /PA Career: Director of the Earth Institute, Columbia University. /PA Special adviser to the UN Secretary-General on the Millennium Project. In 2004 and 2005, Time named him among 100 most influential people in the world /PA Books include: The End of Poverty: Economic Possibilities for our Time and Common Wealth: Economics for a Crowded Planet. /PA What they say about Sachs: /PA "In (Sachs's) view, Western experts like himself can solve world poverty by bringing their superior technical knowledge to the locals," William Easterly, Professor of Economics, New York University, said in The Lancet, in April 2006 /PA { /S 897007809 /SO The Times /PD 19 December 2008 /PG 77 /SCT Business /HD Becoming a business can free charities to fulfil their mission;First Person;Comment;Opinion;Public sector /BY Jaci Quennell /TX /PA I set up Safeguarding Children Services in 2005, with my business partner Elaine Allison, to provide help for children who have been abused or who are at risk. We offer day services and from next summer we will be providing a special residential unit for abused children. /PA As a small grassroots charity, getting funding has been a real struggle. In the three years we have been going, we have been turned down for more than 50 grant applications. There is nothing wrong with the bids we write, it is simply because we are small and cannot compete with the large, established national players, which have dedicated fundraising departments. /PA We managed to get two contracts, one with a local authority to provide advocacy for looked-after children and one with a Primary Care Trust to provide non-psychiatric services for young people who self harm. But it was not enough - we felt we needed to take control of our income and our destiny as an organisation or it was doubtful whether we would survive. /PA I went to a seminar at which Liam Black, of the Fifteen Foundation, which supports social enterprises, was speaking. It was really inspiring. He said that charities needed to be businesses, and that they could no longer rely on getting grants without proving first that they were successful. /PA Initially, the idea of being a business stuck in our throats. It seemed to be opposed to our ethics and felt like we were making profit out of young people's misery. /PA Then we started selling places on a BTEC course in peer education for marginalised young people. Nobody would fund the whole course, which cost about Pounds 30,000, but local authorities were happy to buy places at Pounds 1,000 a time. It showed

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us that being a social business could work as a model. /PA Our big aim was to open a residential therapeutic unit to offer expert care for children who had been abused. Local authorities have a statutory obligation to fund places for looked-after children. We charge the same as private children's home providers, but we use only qualified professionals, which sets us apart. /PA We could not do this as a charity - it required too much money to start up - so we decided to run it as a social enterprise and recycle our profits back into the charity to fund other services. /PA We applied to Futurebuilders, a government fund that lends to charities, and within a week they told us that they wanted to take it forward. They gave us a combined loan and grant of more than Pounds 1million, which we will repay over 25 years. /PA Becoming a business has been liberating. Once we got our heads around what a social enterprise is, we realised that our profits could really achieve something. /PA We now do not have to worry about who might not fund us, based on the work we do. If we think that a service is needed, that's what we'll provide. The decision rests with us and our board of trustees. Best of all, we are sustainable. /PA The residential unit opens in May 2009 and within a year we should be able to fund at least half the other services through the residential unit. We will still keep tendering for contracts, but we know that if necessary we can keep going without them. /PA Jaci Quennell is service director of Safeguarding Children Services, www.safeguardchildrennw.org.uk /PA { /S 897007810 /SO The Times /PD 19 December 2008 /PG 76 /SCT Business /HD Usefulness of Millennium projects called into question;Public sector /BY Parminder Bahra /TX /PA It sounds like a trivial sum - \$110 (Pounds 72) per person, per year, for five years. But this is the amount required to lift each person in the Earth Institute's Millennium Initiative projects in Africa out of poverty, according to Jeffrey Sachs. /PA Professor Sachs promotes the use of official development aid, and lots of it, to tackle the core problems faced by Africa - disease, physical isolation, climate stress, environmental degradation and extreme poverty. /PA The Millennium Cities Initiative (MCI) and its rural counterpart, the Millennium Villages Initiative (MVI) are both designed to help regions in Africa to achieve the Millennium Development Goals (including the end of poverty and hunger; universal education; sex equality; combating HIV and Aids; environmental sustainability and improved maternal and child health) and increase economic growth through targeted investments. /PA Professor Sachs says: "Each of the cities has its own opportunities. Agriculture is obviously part of every one." He also thinks that tourism has great potential and that there is also scope for businesses in light manufacturing, pharmaceuticals for the domestic market, minerals and mining. /PA The point of the MCI is to "exploit these opportunities" by bringing together public and private entities. His organisation hosts events where possible investors can meet and identify business potential so that they can "close the gaps in knowledge and get the markets to do a lot of the job". /PA Professor Sachs argues that it is critical that economic aid is focused and targeted and that it engages the private, as well as the public, sector. /PA The MCI has been set up in nine cities in seven African countries - Mali, Malawi, Kenya, Nigeria, Senegal, Ethiopia and Ghana. The MVI has started in 79 villages in sub-Saharan Africa. /PA Critics of Professor Sachs argue that his approach is not borne out by the evidence. Countries that have received significant levels of aid in the past have experienced relatively stagnant growth. They add that his policies to tackle extreme poverty do not lead to the take-off that has been experienced in countries such as China and India, and neither do they address the problems of bad governance and corruption. /PA It is also argued that even if aid levels are increased, it is unlikely to be effective because the recipient countries are not in a position to absorb the extra income or use it in a productive manner. /PA With the global recession, this debate may become academic and the challenge will be to prevent aid falling from its current level rather than to convince governments to increase their contributions. /PA

Graphic

McQueen of hearts Peter Kay's talented alter-ego keeps it real at Christmas (C4, 9pm)

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