

Foreword

When I started out as a business journalist, there was an unwritten rule separating my colleagues and I from the general news reporters. They regarded us as being unable to write, and we regarded them as unable to understand anything more complex than a lunch receipt. It was part of the strange tension that has long existed in British journalism between those who do numbers and those who do words – and, underlying it, the notion that the term ‘financial writer’ is a contradiction in terms.

I’d like to say that this was all senseless bigotry, but then I can’t think of a financial writer as good as Martin Vander Weyer. His columns have been informing and entertaining *Spectator* readers for more than two decades, and are still without equal. He routinely exposes the humour and absurdity behind much of what passes for high finance. He can see and describe the personalities behind the businesses and the clashing egos which power the City – and then jump on the train and talk about life in the country.

Crucially, he did not start out a journalist. The son of a banker, he was in the trade himself before he started to write about it for fun – his starting point was knowing all about the City. This is far better than those who, like me, went straight from journalism school to the financial pages, tried to work out what the hell was going on and vainly searched for stories through the footnotes of company reports. It was the devil’s own job to try to get to know the people behind business: an army of

public relations men made it their job to see that you never got close. And that the press was fed nothing but dull stories: about the Interim Results of Widgets Plc, and its EBITDA edging higher.

Martin has never had any involvement in this world. His contacts book was full when he entered journalism, and he has fished in different (and deeper) waters than his rivals. In short, he has only ever been interested in the fun stuff. What started as a distraction became a profession as demand for his writing grew. It was not just the quality of his prose, but the depth of his insight – and his ability to explain, in just a few paragraphs, what the businesses pages say in a thousand words that no one can bring themselves to read.

The Spectator has only had a few business columnists – three, in fact, over the last six decades – all of them sharing knowledge, wit, flair and a knack for exposition. The longest serving was Nicholas Davenport, who started in 1953, survived nine editors and was asking for more space than usual in the week's issue of his death in 1979. Next came Christopher Fildes, whose City & Suburban column in *The Spectator* was as legendary as the man himself. He and Martin first met in the City in 1976; the two kept in touch and eventually he converted Martin from a *Spectator* subscriber to a *Spectator* writer.

So, like many of our columnists – from Matthew Parris to Rod Liddle – Martin came to writing as a second career. And, like them, he's a natural: incapable of writing a dull sentence, as was clear from his very first pieces for the magazine. In 1992, the year he left banking, he wrote a prescient warning about the mega-bank mergers then in vogue (Midland Bank had just been gobbled up by HSBC). He is too modest to include the piece in this collection, but some of it does bear repeating.

'It is a safe piece of advice for a new chairman of a large international bank that at any given moment somebody, somewhere in your group, will be doing something utterly disastrous,' he wrote. 'Your Swiss foreign exchange manager is a fraudster; half the board want you to bid for Standard Chartered; someone else just recruited forty equity analysts in New York.' Making banks bigger would only increase the risk, he wrote: they would have mind-boggling diversity 'coupled with the complexity

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of the market risks involved and a fatal lack of comprehension between colleagues'. Result? 'A recipe for things to go awry.'

So it was to prove. But there have been plenty of histories of the crash, and not enough good writing about the business life outside it. And nowhere near enough writing that you actually want to read. This book is, like Martin's column, a collection of tales from Britain's financial front line with the fun bits left in. A romp through the City, its characters and their foibles, then into Yorkshire, with occasional diversions to violin competitions in Kazakhstan, the cuisine of the Dordogne and the lagoons of Bora Bora. The world of business is mad, sometimes bad and always thrillingly unpredictable – but, as *Spectator* readers know, there is no better guide.

Fraser Nelson

Introduction

I think myself lucky. Not in every aspect of life, to be sure, and not without making mistakes and wrong turnings – but in the way in which my second career as a journalist and financial commentator was born out of the demise of my first career as a banker and made space for what I think of as my third and fourth careers, in the performing arts and as an active, even hyperactive, citizen of my Yorkshire town of Helmsley.

I decided at the age of seventeen that I wanted to be a writer, and specifically that I wanted to write for *The Spectator*, which I had begun reading at home and at school during the editorship of Nigel Lawson in the late 1960s. At Oxford in the mid 1970s I somehow forgot that aspiration and decided to follow my father into the banking world, where I stayed for a decade and a half. I didn't hate it but I never loved it and it only ever engaged my brain fully when I was working abroad, in postings to Brussels, Kuala Lumpur, Tokyo and Hong Kong, and on assignments that took me to exotic spots from Bangkok to Budapest. In London I was habitually bored – and troubled by the thought that I had chosen the wrong career, or allowed it to choose me.

So my survival strategy was to jump on aeroplanes at every opportunity, and if you had met me in Hong Kong at my first-career zenith you might have thought me a caricature of the globe-trotting 1980s merchant banker: well tailored, wreathed in cigar smoke, with a chauffeured Mercedes at my disposal and a card that said 'managing director'.

I was undeservedly lucky to have got that far, given my lack of zest for the deal-making that marks out banking's real high-fliers, but I was even luckier in June 1989 to find myself – on a flight to Taipei – staring

at a picture in *Country Life* of the house in Helmsley that I decided should become my home. It was, literally, a life-changing moment. I've always had a feeling that if I had not invested so much energy in that house over the following two years after I returned to a disagreeable City job – by now the card said 'chief operating officer' – my banking career might not have petered out when it did. And I might not have found the garden gate into journalism that opened for me so magically at the age of thirty-six.

But that's what happened next. One cold, sunny morning in January 1992 I was summarily sacked, and when a friend happened to telephone me a few minutes later I said, 'Well, maybe now I can start writing for *The Spectator*.' With a little help from Christopher Fildes, doyen of City commentators, and under the patronage of the magazine's then editor Dominic Lawson, I achieved that ambition a few weeks later – beginning with the first piece in this collection, 'The Phantom of the Gravy Train'.

I am lucky to be writing for it still, despite many changes of editorial regime. I eventually succeeded Christopher as *The Spectator*'s weekly financial columnist, and I can honestly say that to have been a member of the extended *Spectator* family all these years, to have experienced the last boozy breath of literary bohemia in its old house in Bloomsbury and the electric buzz of political intrigue in its new house in Westminster, has been the happiest passage of my life.

Meanwhile, under the tutelage of the incomparable Hugh Massingberd, I found another congenial niche as the author of the *Daily Telegraph*'s obituaries of businesspeople – a collection of which was published in 2006 as *Closing Balances*. I wrote comment, features and reviews for the *Telegraph* and many other parts of the national press. And because I was pigeonholed as that chap who broke out of the City and knew from the inside how the money world works, editors encouraged me to draw parables from personal experience – allowing me the luxury of telling my own life story in anecdotal episodes.

I thought it would be fun to collect some of those pieces (mostly from *The Spectator*, but from other sources where indicated) into a kind

of autobiographical jigsaw puzzle, interspersed with travelogue and samples of my poetry. I hope this isn't just an exercise in vanity, and that the selection conveys a mischievous enjoyment of everything I do and observe – but also a set of underlying principles, including a belief in the positive power of capitalism, an admiration for entrepreneurship, and a fear that the financial sector in which I once worked is permanently prone to greed and delusion.

This selection also records other evolutions of my post-banking life, as an amateur actor, an occasional playwright, a promoter of arts projects, an elected town councillor, and briefly as a would-be MP. People often ask me how I fitted all this in. I don't really know the answer, except that I might have done some things better if I had not done so many other things, and that I abide by one more guiding principle – never have a dull day.

And looking back on what I might pompously call my body of work, written and otherwise, I can see that if there has been a consistent fault it is probably a consequence of thinking myself lucky: I have tended to err on the side of cheerfulness. Except for a bleak moment of financial crisis in 2008 when I recommended readers to take a shotgun and a bottle of whisky into the woods, I have always seen the light at the end of the tunnel and looked forward to the bounce that follows the crash. The cyclical nature of economic life is such that both the doomsters and the diehard optimists are always right in the end – but if I aimed a bit high or called the recovery a bit early, it's not a fault of which I'm particularly ashamed.

Besides Dominic Lawson at *The Spectator* and later at the *Sunday Telegraph*, there are many other editors and their deputies whom I must thank for giving me these opportunities to say what I wanted to say: notably Boris Johnson, who appointed me as his business editor, followed by Matthew d'Ancona and Fraser Nelson, at *The Spectator*; Sir Max Hastings and Charles Moore at the *Daily Telegraph*; Mark Law at both *Telegraph* titles; Sir Max again at the *Evening Standard*. I salute all my friends on the staff of those papers, past and present.

It was in my *Telegraph* obituary work that I came across a phrase

which became yet another guiding principle, and which I have recommended to many other people including the school prize-giving audiences I have occasionally been asked to address. I found it in an interview with the late Lord King of Wartnaby, a self-made grandee best known for his battling chairmanship of British Airways, who had started out as a car salesman and was not someone I would have cited as a role model except for this one remark: 'I am now what I always imagined myself to be.' I'm extraordinarily lucky – I sincerely hope this doesn't sound smug – to be able to say that too.

CHAPTER 1

In the City

THE PHANTOM OF THE GRAVY TRAIN

Merchant banking was the ultimate eighties career. It found its time in the middle of that decade in a great blaze of swaggering hubris, just as membership of the Soviet Communist Party had peaked as a lifestyle choice a few years earlier. How appropriate, for me, that it should come to an abrupt end just ahead of a general election which, whatever the outcome, completes the postscript to the Thatcher era.

For times change. An occupation which had once been the most luxurious of international gravy trains had transmuted itself into something more like British Rail's new InterCity 225: high-tech but unstable, full of disgruntled and ill-matched people for whom, even though their numbers were shrinking, there were somehow never quite enough seats. It was certainly time to get off. One January morning I arrived to find the decision had been taken for me.

The feeling is one of rage mixed with relief, and nostalgia for the heyday of a few years ago. And what a heyday it was, for this was a job which offered practically everything: glamorous travel, an ecstasy of name-dropping, a gold Mercedes with a chauffeur, a key to the executive toilet and the opportunity to blunder like Flashman into every boudoir and battlefield of the financial world.

One of the merchant banker defendants in the Guinness trials,* Lord Spens, was described as a noted stamp collector. Many merchant bankers have that particular mentality, but, rather than postage stamps, we tended to treasure the sort of stamps you get in your passport, and the names of the most obscure and exotic airports en route: Gdansk, Penang, Misawa and Memphis spring to mind. We collected book matches from every restaurant and nightclub, casually displaying them in large glass bowls all over south-west London. An almost random handful gives me The Good Time Club of Roppongi, Iberia Airways, the Palace Hotel in Prague, the Tahiti Beachcomber, Annabel's, the Ginza karaoke in Albemarle Street, Delmonico's off Wall Street, the Lai Lai Sheraton in Taipei and the Auberge des Trois Bonheurs in the rue Saint-Honoré.

And on the way through, I recall, I shook the silken hand of Asil Nadir and was shaken by the granite fist of Gerald Ronson. I had my elbow grasped by the soon-to-be-disgraced Ronald Li of the Hong Kong stock exchange muttering 'We can do deals together' and I actually employed the Recruit Company of Japanese scandal fame to recruit someone. I exchanged pleasantries with President Iliescu of Romania and I bumped into Richard Nixon in a lift lobby. I went backstage to meet a starlet of the Royal Ballet, played pool with a cowboy in the Fort Worth stockyards, carried a briefcase through the bazaar in Kathmandu, got sprayed with holy water by Thailand's highest priest and held a meeting stark naked in the Riverside Sauna in Seoul.

I could fill pages with these lists, but there was a day in May 1989 which, looking back, seems to have been the zenith (perhaps it was two days, but memory condenses them). Did I really try to gain access to the hotel bedroom of Taiwan's Finance Minister, Mrs Shirley Kuo, in the company of a knighted fellow of All Souls? Did I attend a meeting in Beijing's Great Hall of the People addressed by President

* The criminal trials relating to an illegal 'share support scheme' deployed in Guinness's takeover bid for The Distillers Company in 1986. The real-estate tycoon Gerald Ronson, also mentioned, was one of those convicted.

Yang Shangkun, witness the first of the great student demonstrations in Tiananmen Square, and take afternoon tea with a minister of the Papua New Guinea government who was high as a kite? Did I then go on, posing uncomfortably as the All Souls knight's wife, to crash Merrill Lynch's invitation-only cocktail party in a closed pavilion of the Forbidden City? Yes I did, and at the time it seemed as normal a way to spend the day as the dentist at his chair or the potter at his wheel.

But what did I actually do, you may well ask. What is a merchant banker anyway, apart from a man who avoids rhyming slang? Well, at the beginning of the eighties, for instance, I could have told you how to price syndicated loans to Brazil and Mexico; the pricing didn't really matter in the long run because, as everybody knows, practically none of those loans ever came back. Late 1982 found me writing papers on the legality of British local authority interest rate swaps. Whoops; eight years later a judge found that some London boroughs had used this particular piece of arithmetic to gamble themselves into perdition. He told us to our grief and amazement that we couldn't make them pay us back, because it had been illegal (for them, not us) all the time. Somewhere in the mid eighties we discovered cross-border mergers and acquisitions, which meant spending years trying to persuade giant Japanese corporations to buy every famous European brand name from Aquascutum to Zeiss. The end of the decade found us in liberated Eastern Europe, taking tea with ministers and selling them Mrs Thatcher's great gift to merchant bankers, better than any tax cut, the concept of privatisation.

In parallel with all this there was Big Bang, the revolution of the London securities market which put us in bed with the brokers and traders, the 'big swinging dicks' of Michael Lewis's *Liar's Poker* (1989), who apparently thought we were pussies. Of course we looked down on them. They were coarse, shallow and greedy (greedier even than we were) and they didn't know how to take tea with the Minister. But they had fun, and sometimes we got to join in. A big international share placing may be the most exciting half-hour you will ever spend in business: the adrenalin of a huge risk taken for a very short time; the

stadium clamour of a roomful of salesmen who've all seen *Wall Street* in the cinema; the cash-register ring of a colossal profit materialising before your very eyes.

Of course, as always, it can go horribly wrong, now or later. I spent an exhilarating night on a London trading floor selling many millions of dollars' worth of paper called Perpetual Floating Rate Notes to investors in Japan. Now, thanks to obscure changes in international regulations on bank capital, they will show a substantial loss on them forever. There was another long and memorable night in October 1987 when we watched the Hong Kong stock market drop like a Korean airliner over Kamchatka. It was a night which included, in the Far Eastern lunch-hour, a pre-dawn break for beer, darts and fried breakfast (but sadly no bookmatches) in the Fox & Anchor in Smithfield. The meat porters probably thought we were pussies too, but we thought we were tremendous.

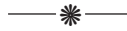
How was it, you may well also ask, for our employers? More pertinently, how was it for their shareholders, footing the bill for this ten-year ego-trip? It wasn't all bad: collectively we got into and out of all kinds of booms as well as busts, we broke new ground, we were ahead of the game, in some instances we even invented the game. We were proud of what we built but it never looked anything like the three-year plan said it should, and stable growth was not a feature; this was the roller-coaster gravy train. When we were not making enough money for them we thought of ourselves as the go-faster stripes on the livery, adding the lustre their rolling-stock lacked, and we asked for bigger bonuses. When we were making enough money for them, which was not often but sometimes, we asked for bigger bonuses still, lest we go and do all this for some other company.

At its best it was so much fun that we should have been paying them, but they didn't know that. Often they did give us bigger bonuses. Sometimes they gave us phantom ones as well, as an incentive to stay, artificial share options which couldn't be cashed in for several years. And what a grim world the survivors found themselves in by the time the day arrived to encash the phantom options, like coming out of your

bunker after the bomb to find the banknotes of some obliterated state wafting in the nuclear wind.

Gone is the iconic figure of the eighties, whisked for the last time from the Hong Kong Mandarin to Kai Tak airport in the back of a white Rolls Royce. If he's still got a job at all, he's stuck at Frankfurt on his way back from Warsaw with a Eurotraveller Economy ticket, a ham roll and a bout of flu. He may recover: markets and bank proprietors have short memories, the gravy train may roll again in all its glory. But not for a while. For now perhaps, the iconic figure of the nineties, the one who's ahead of the game, is the former merchant banker cultivating his garden and relishing his memories: been there, done that, met the Minister, got the bookmatches.

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NICE WORK IF YOU CAN GET IT

When I talk about my office in the City, I no longer mean to imply that I have a job there. Like many professionals and business people, I have not had one of those for some time.

What I mean is that I enjoy a co-operative office arrangement that is a model of survival for middle-class victims of the recession. An elegant building within a stone's throw of the Bank of England, much of it has been 'To Let' for as long as I can remember. On the floors that are occupied, only one small company is still fully operational.

Perhaps half a dozen people in the building actually draw salaries. The rest of us are 'between jobs', 'looking at new ventures', 'doing a bit of consultancy work' or just passing the time of day. I gather that one or two have not got around to telling their wives that their employment circumstances have changed. It is sociable, convenient and discreetly impressive if you bump into former colleagues in the street outside.