

- Bank accounts
- LPA
- Hunger
- And more...

The Great Famine 1315 to 1317

So what relevance does this have in a financial services newsletter?

In the spring of 1315 unusually heavy and persistent rains started over Europe. The wet and cool weather continued into summer so that the grain could not ripen, the straw and hay could not be cured so there was no winter fodder for the livestock. Food prices doubled between spring and summer.

At that time the only way of preserving meat and fish was by salting. The only source of salt was from the salt pans but the wet cool weather meant that the water could not evaporate so the price of salt rocketed. The rains continued through 1316 and normal weather conditions only returned in the summer of 1317. By that time some 10% to 25% of the population had died through starvation. However, by 1322 much of the economic activity had returned to normal.

I have no doubt that had there been TV and newspapers available at the time the headlines would have been similar to those we are seeing at the moment. With hindsight, we can see that despite the exceptionally serious nature of the calamity, the economy recovered quite quickly. However, the social consequences were far longer lasting and far reaching and it could be argued that we are still feeling the effects of these today.



The Four Horsemen of the Apocalypse

There is no doubt that the economy will recover from the present market turmoil but there will be a major change in how banks and the financial institutions operate in the future. It is perhaps too much to ask that the market, in general, and bankers, in particular, place as much emphasis on long term sustainability than they do on short term profits.

LASTING POWER OF ATTORNEY

A Lasting Power of Attorney (LPA) is a legal document that you (the 'Donor') make using a special form.

It allows you to choose someone (the 'Attorney') you trust to make decisions about things such as your healthcare or finances, on your behalf, at a time in the future when you may lack the mental capacity to make those decisions yourself.

The sort of problem that an LPA is designed to help with is dealing with the finances of someone after suffering a major stroke, the onset of Alzheimer's, or being mentally or physically incapacitated due to an accident.

The Enduring Power of Attorney (EPA) was a relatively simple document that allowed the Attorney to sign cheques and pay bills on behalf of the Donor. It only needed to be registered with the Office of the Public Guardian in the case of mental incapacity. Unfortunately,

EPAs were open to abuse and there were several cases where EPAs had been used to defraud people out of their savings and even their homes. To help combat this, the new Lasting Power of Attorney (LPA) came into force in October 2007 as part of the Mental Capacity Act 2005. Unlike the EPA, the LPA needs to be registered with the Office of the Public Guardian before it has any legal standing.

There are two types of LPA:

Property and Affairs LPA: A Property and Affairs LPA allows you to choose someone to make decisions about how to spend your money and the way your property and affairs are managed.

Personal Welfare LPA: A Personal Welfare LPA allows you to choose someone to make decisions about your healthcare and welfare. This includes decisions to refuse or consent to treatment on your behalf and deciding where you live. These decisions can only be taken on your behalf when the LPA is registered and you lack the capacity to make the decisions yourself.

The fee for registering an LPA is £150. There is a separate fee for each type of LPA so if you registered a Property and Affairs LPA and a Personal Welfare LPA the registration costs would be £300.

According to literature produced by the Government and by the Office of the Public Guardian, there is no need to use a professional to produce the LPA. However, having spent some considerable time researching the subject to see whether this is a service that Ethikos would wish to offer clients, we have decided that this is definitely a specialist area and best left to either your own solicitor, or Ethikos can arrange an introduction to a specialist firm.

If you already have an EPA it remains valid and there is no further action you need to take. If you do not have either an EPA or LPA it is something you should consider.

BANK ACCOUNTS

The nationalisation of the two former building societies, Northern Rock and Bradford and Bingley and the proposed takeover of HBOS (Halifax) by Lloyds TSB have focussed many of our minds on the safety of our money within banks.

The first and most important point to note is that none of these banks has failed. Yes, their shares have come under significant pressure and if you are a shareholder you will have suffered a loss, but if you are a depositor your monies remain safe. It is planned that the current Financial Services Compensation limit of £35,000 is raised to £50,000.

If you are concerned about their safety,

the best tip for your bank accounts is to spread your money around. The traditional Building Societies such as Nationwide do not seem to have been hit as hard by the credit crunch as either the high street banks or the ex-building societies. The post office accounts are a subsidiary of Bank of Ireland. The Irish Government has announced that 100% of deposits will be guaranteed for the next two years.

WHAT IS A RECESSION?

Technically a country is said to be in recession where there have been two successive quarters with a negative growth in Gross Domestic Product (GDP).

GDP is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

The technical definition does not really help as sometimes reporters and journalists talk about recession when technically none exists. It would seem that to give the impression of standing still

the economy needs to grow year on year, preferably more than it grew the year before. If the economy does not grow as quickly as forecast, or as quickly as we would like, it can feel like a recession.

Just as the growth or declines in the stock market are caused by fluctuations in investor confidence, recessions are basically caused by lack of consumer confidence. If we as consumers are worried about job security or just worried about the economy there is a tendency to collectively tighten our belts. A collective tightening of belts will mean that less goods and services are purchased thus slowing the growth of GDP. In turn this slowing of GDP will

undermine confidence causing a further tightening of belts, and so the downward cycle continues. At some stage there will be a collective return of confidence and resumption of spending more freely so the economy will expand and confidence will be renewed.

Whilst the mechanism is well understood and researched, what is not known is how to predict what events will trigger a recession and what will trigger the subsequent recovery. Many of us may well remember Norman Lamont and his "Green Shoots of Recovery" in the early 1990s. If any lesson is to be learned from the extremely long period of germination it is that it is easier to talk us into a recession than to talk us out of one.

Renewable Energy



There are some interesting renewable electricity schemes starting in the UK. These are on a small local scale.

One such project is known as "The h2oPE Project". This involves installing reverse Archimedean screws into river weirs throughout the country where old mills previously stood. This technology has been used for thousands of years to pump water into fields for irrigation. By using the screw in reverse the weight of the water turns the screw which generates electricity. There is no water under pressure like traditional turbines and the Archimedean screw is fish

friendly. Fish can travel through it without harm, avoiding expensive screening, which has to be cleaned regularly.

We are sometimes approached by Community Interest Companies, such as h2oPE, as part of their fund raising efforts. These are usually longer term investments which do not offer large rates of return. They also tend to be illiquid so funds cannot be accessed quickly, so they must be counted as being high risk. However, the social benefits can be large. If anyone is interested in receiving details of this company, or as and when I hear of other such fund raising requests, please let me know.

Hunger a problem of today

The rising price of food in the UK has caused real problems for large sections of the disadvantaged in our society. Alongside the problem of hunger is the huge problem of food wastage in this country on an annual basis.

A government study has found that Britain wastes around four million tonnes of food a year, adding something like £420 to the average family's shopping bills (source Reuters 7 July 2008).

Yet hunger and malnutrition are still with us. According to figures provided by the charity *FareShare* up to 5,000 people in each Parliamentary constituency may be malnourished.

It is estimated that 4 million people in the UK cannot afford a healthy diet, with 1 in 7 people over 65 at serious risk of malnourishment. Research has shown that three in five homeless people have no daily intake of fresh fruit and vegetables. Poor health has a significant impact on homeless people with an average lifespan of just 42 years compared to the national average of 74 years.

FareShare is the national organisation that works with over 100 food businesses, to minimise food waste by providing practical solutions to help ensure that the maximum amount of 'fit for purpose' food is consumed wherever possible.

Last year, 3,000 tonnes of food was saved from being wasted, helping business reduce CO2 emissions by 19,500 tonnes. This food was then redistributed, along with other food related support services, to a community food network of 500 organisations. This food contributed to over 4.6 million meals to 25,000 disadvantaged people each day in 63 cities and towns across the UK.

As well as also providing 280 work and volunteers placements last year, £5 million was saved by the network of local charities, which was reinvested into the community. If you would like further details of the work of *FareShare* please ask me; their web site is www.fareshare.org.uk.