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sdirected

Lord Vins...
A penny off corporation
in the Budget - as
stated by the Institute of
Directors ("Directors urge £3bn
million in taxation", Janu-
ary 1992) - would be money mis-
directed, besides being of no
benefit to the many small busi-
nesses that operate as sole
traders, whose cash position
has so been ravaged by 30
per cent inflation over the last
years.
Productivity may not be
improving - but in the long
run, as a trading nation it is
losing everything. Budgetary
policies for business, then,
should be aimed at stimulating
investment in productive plant
to help meet demand when
it next comes.
Especially in this country
to realise investment by not
charging adequate cost recov-
ery against tax in the year of
purchase - the current 25
per cent diminishing balance
rate is far too low.
Any budgetary conces-
sions should be used in this
country to improve the cash flow
of struggling companies - both
large and small.

W. Vinsway,
WC2B 6QT

Perverted logic that cheerfully ignores the financial worst

From Gerrit Jacobsen.
The CCI, Polly Peck, Max-
well and the British are
among the worst from the
point of view of the mind-
less Mr Tiny Rowland.
The ingredients are
there: dividend cut,
share price collapse, stock
exchange inquiry, "foreign"
executive.
The Lonrho is different.
A week ago the FT was
filled with some analysts as say-
ing Lonrho should cut its
dividend if it was prudent, but
others saying that they
expected Mr Rowland to
announce because he was a "con-
fident" out to prove he is dif-
ferent from the rest.
Everyone is up in arms
over the dividend cut. What
perverted logic is this?
The "crisis" is caused by the
industry, which has
gone to its own psychologi-
cal state. What causes a lender
to do this? We have got to put on

vehicle foisted on public

From Mr Edward Rigg.
Sir, Let us not mince our
words. I refer to your article,
"Tied agents 'are overselling
life policies'" and leading
article, "Life policies oversold".
The big fraud (I am not minc-
ing my words) is that they are
sold at all.
Endowment policies have
been demonstrably the most
unsuitable of all savings
vehicles ever since life assur-
ance premium relief (LAPR)
was abolished in March 1984.
Nevertheless the life insurance
industry has continued to foist
them on the public with the
aid of questionable sales tech-
niques, and by diverting an
outrageously high proportion
of savers' cash to its sales-
men's commissions.
From the early days of the
Financial Services Act the life
insurance lobby has fought
and schemed to defend its prac-
tices, which can plainly be
described as designed to "rip
off" the public.
The only surprising feature
about the rift that has now
developed in the Unit Trust
Association is that it did not
happen earlier. The link that
exists between the concept of
savings and the concept of
insuring one's life should have

been severed many years ago.
At long last there have been
signs recently that those in
high places, including Sir
David Walker, the chairman of
Securities and Investments
Board, have come to realise
this and are beginning to ques-
tion the selling of such poli-
cies. Even Fimbra has begun to
realise that its role in protect-
ing the investor will be better
discharged if it checks the sell-
ing of these dubious policies
rather than its members' petty
cash.
It cannot be stressed too
heavily that life insurance poli-
cies of the savings kind, such
as endowments, and most of
their closely related cousins
such as regular premium per-
sonal pension plans, are a most
unwise choice for almost any-
body, not just the 30-odd per
cent who find they have to
cancel them within two years.
Edward Rigg,
Thornham Finance,
5 Frog Grove Lane,
Wood Street,
Guildford, Surrey GU3 3EY

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Economy needs more effective regional policy

From Mr Gerard Lyons.
Sir, The cutback in the coal
industry, following close on
the announcement of the clo-
sure of the Ravenscraig steel
works once again highlights
this country's absence of
regional and industrial policy.
Yet, if the UK is committed to
the ERM and at sterling's cur-
rent high and overvalued rate,
it is essential that the govern-
ment make effective use of
industrial and fiscal policy to
improve the supply-side poten-
tial of the economy.
This potential will not be
realised if strategic industries
such as coal and steel are
allowed to disappear.
Gerard Lyons,
chief economist,
DKB International,
DKB House,
24 King William Street,
London EC4R 9DB

polluting

From Mr David Parker.
Sir, The balance that John
Griffiths strikes ("Technology:
diesel cleans up its act" Janu-
ary 21) between diesel and pet-
rol on their "cleanness" is
slightly misleading. Diesel is
cleaner in some respects than
present petrol-driven engines,
but much of this advantage
disappears from the end of this
year, when all new petrol-
driven cars will be fitted with
3-way catalysts, reducing
exhaust emissions by more
than 90 per cent. Diesels emit
"particulates" - a fine dust,
mostly carbon, which can
sometimes be seen as a smoke.
This happens even when the
engine is well-tuned. Diesels
also produce a high level of
nitrous oxides. The technology
to handle these diesel emis-
sions is progressing but so far
is not nearly as well developed
as that for petrol exhausts.

Conventional wisdom on dies-
els is that they emit much
less carbon dioxide than petrol
engines because they are more
fuel-efficient and give better
mileage. But diesel contains
more carbon per litre than pet-
rol does, and so produces more
carbon dioxide when it is
burned in a car's engine. This
offsets much of the reduction
in carbon dioxide arising from
the better mileage.
David Parker,
director general,
UK Petroleum
Industry Association,
9 Kingsway, London WC2

From M André.
Sir, On April 29 1991, there
was in the FT an article
headed: "Smoking diesels
blamed as main source of pol-
lution"; on January 22 1992 we
learn ("Motor adverts critic-
ised") that the Advertising
Standards Authority upheld
complaints against Peugeot
Talbot for claiming that diesel
engines would be environmen-
tally "clean".
Nevertheless, in your Tech-
nology pages, we read regu-
larly calls for more diesels; for
example on September 5 1991
("Measures to combat diesel
emissions urged") tax cuts to
encourage diesel fuel were
urged; or on January 21 1992
("Diesel cleans up its act").
Assuredly diesels are some-
what cleaner when well tuned,
but when are they?
M André,
38 avenue du Gal del Gaulle,
F-94300 Vincennes

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F. T. 28/1/92