

When the bubble bursts...



WHOEVER YOU ARE, YOUR WORLD CAN TUMBLE IN THE BLINK OF AN EYE. SEEING WORK AS ONLY PART OF A BIGGER PERSONAL PICTURE IS ONE OF THE BEST WAYS OF COPING, SAYS **JUSTIN WELBY**.



CASHFLOW CRISES, LIQUIDITY ISSUES, INABILITY TO RENEW DEBT, TO ROLL OVER LOANS BECAUSE OF MARKET DIFFICULTIES: ALL THESE ARE MERE STATISTICS UNTIL OUR COMPANY IS THE TARGET, AND SUDDENLY THE BUBBLE COLLAPSES.

Sitting on a veranda last January, in the eastern Congo, we listened to the US presidential inauguration. It was very warm; the radio crackled and faded. In the dark courtyard some children played in the puddles. They had been among families brought down from a school between the rebel and government lines, a few kilometres away. It was not that dangerous, but they were traumatised, and needed the sight of others to venture into the darkness, which for weeks had been inhabited by soldiers and militias, bent on robbery and rape. I was watching the children and thinking that the man whose voice I could hear taking the oath of office looked very like the grandfather of one of them. Whatever one's politics, whatever the outcomes, it was a dramatic moment.

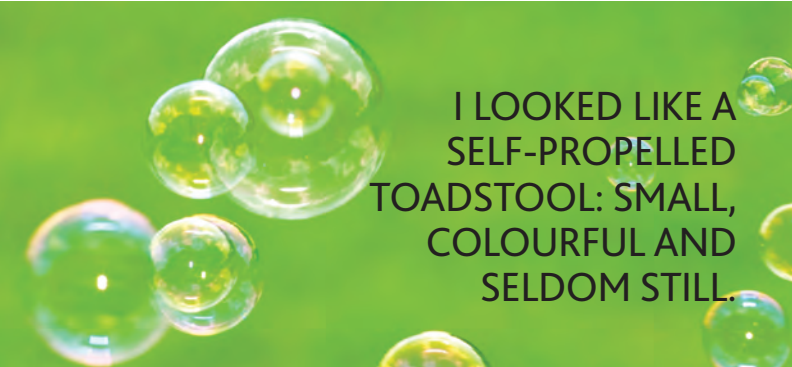
The conversation was less dramatic, or pretentious. It was about mining. It's not much of an exaggeration to say that in the region if you take a pick out and stick it in the ground you will find something valuable. What are called artisanal mines (informal operations that pay little attention to safety) abound. It should be so rich.

Years in the oil industry stick in my mind. The treasurer of a large natural resource company, as I was, watches prices like a hawk. They make a real difference day by day, constantly challenging the need for decisions on hedging, and giving reasons to find new ways of managing the price risk. Plenty of industries are in the same boat. On one rather complex transaction, every basis point on the cable (\$/£) made \$4m difference to our bottom line. Yet the anxious times spent watching oil prices, exchange and interest rates were about watching numbers. There in Goma, I was watching people.

One of the side effects of recession is the puncturing of the bubbles we build round ourselves, especially bubbles armoured with wealth (and most treasury professionals are paid OK). In one of the films of Shakespeare's Richard III, the beginning is set at the battle of Tewkesbury. The soldiers are in 20th century uniforms, staff officers clustered round maps, when suddenly the wall of the room they are in collapses as enemy tanks burst in. The bubble is gone. They were facing an enemy of statistics and numbers, but now the enemy is right there in front of them, ready to kill.

Cashflow crises, liquidity issues, inability to renew debt, to roll over loans because of market difficulties: all these are mere statistics until our company is the target, and suddenly the bubble collapses. The shock is huge; security vanishes. It is not a surprise if there have been more calls on the hotline by people with anxieties.

It's fine, of course, for a clergyman, especially the dean of a cathedral, to talk about the real world. The question is often raised of whether I would know it if I saw it. In the Church of England our traditions of music and robes and so forth add to the feeling. There I was last Christmas, dressed in a Victorian cope (a large carpet-like thing) embroidered in purple cloth with nativity scenes. I looked like a self-propelled toadstool: small, colourful and seldom still. All institutions spend time and effort and often money giving themselves a sense of importance and security and permanence. It's



I LOOKED LIKE A
SELF-PROPELLED
TOADSTOOL: SMALL,
COLOURFUL AND
SELDOM STILL.

what we do as human beings. The church just does it more colourfully; after all, it's had 2,000 years of practice.

Too much reality is simply too much, and we all know that feeling. The balanced lifestyle is not about enough sleep and rest, but about balancing the different realities in which we live. Life is full of overlapping realities, whether it is interests, family or friends. We all get a bit nervous about people who can do nothing but sleep, eat and dream work. That is not to diminish work as a good thing or to say it is only to make ends meet, but that it has to fit into a bigger

picture. Balance is about priorities, self-awareness, an openness to new realities that affect those we already live with.

Those Congolese refugees saw their bubbles burst when they were driven from their homes, and even before they were on the road they were scarcely secure as we know it. But plenty of people here in the UK, including in the ACT, have suffered also this year, not as much or as physically, but with great pain. When we have balance, that pain is more manageable. When we allow some reality, see beyond the statistics, hold to the human values we share as of importance to all, not just our friends and ourselves, then reality may be painful but it will keep its place and not destroy our inner selves.

And on a Christian note, I believe in transformation, in the reversing of and the defeat of evil. One other thought struck me that January: that the baby whose birth I celebrate with so much folderol on 25 December came from the ultimate security to the ultimate insecurity, accepted reality in all its power, and defeated it. And he was a child playing, just like the ones I was watching.

Happy Christmas and a much better New Year.

Justin Welby is the ACT's members' confidential adviser on ethical and personal issues and dean at Liverpool Cathedral.

dean@liverpoolcathedral.org.uk
www.liverpoolcathedral.org.uk

MCT Advanced Diploma in Treasury, Risk and Corporate Finance

TREASURY, RISK
AND FINANCE
PROFESSIONALS

ACT

The MCT Advanced Diploma develops the ability to find practical solutions to the most complex issues within treasury, risk and corporate finance. It develops in-depth treasury knowledge and expertise to underpin professional judgement and improve strategic decision making. It is the Full Membership qualification for the ACT and leads to the designatory letters MCT.

The qualification comprises:

- Online learning programme incorporating a study guide, course resources and communications facility
- Full tutor support to guide study, answer questions and offer advice
- The option of face-to-face or online tuition sessions
- Assessment via tutor-marked assignments, an independent project and two examinations

Enrolment deadlines:

- 31 January for courses commencing March
- 31 July for courses commencing September

For further information:

Contact Manisha Parmar:
T +44 (0)20 7847 2571
F +44 (0)20 7374 8744
E mparmar@treasurers.org
www.treasurers.org/mct