

BOND'S GUILT

A secret agent steals a weapon with the power to wipe out entire economies. It's called a credit default swap

Words: **Andrew Sawers**

Anyone who has read Ian Fleming's novel *Casino Royale* will know that Bond villain Le Chiffre is, in fact, the treasurer of a French, Communist-controlled trade union that has suddenly found itself short of 50 million francs.

"I was sent to see what bag of tricks you've got for me," said the impeccably dressed spy. He addressed a lab coat-wearing boffin, who was studying a mysterious – and probably deadly – gadget in a small black box.

"And you are...?" said the boffin, without looking up.

"The name's Bond," said the agent. "Junque Bond." The boffin still didn't look up. "Oh-point-oh-seven," added Bond, barely disguising his exasperation.

"Ah!" said the boffin, as the significance of the agent's identity dawned on him.

"Seven basis points. Of course. I'm QE."

"What's that?" Bond pointed to the small black box that QE had been fiddling with.

"It's a CDS – a credit default swap," said QE. "We thought that you could somehow secrete it onto Le Chiffre's

person and that it would find a way through his nefarious treasury dealings into SMERSH Bank, destroying them both in the process."

"Sounds easy," said Bond.

"Easy to do," said QE. "Not so easy to contain. Once it's inside SMERSH Bank, it will spread like a pandemic to every financial institution in the Western world. Within months, the powerful arithmetical formula inside this little black box could wipe out fortunes, banks and even entire economies."

Bond was impressed. "A weapon of maths destruction, you might say. What's in that huge black box over there?"

"That, 7bp, is a CDS-squared," said QE. "Even though we invented it, we haven't got the foggiest idea how it works."

"So what have you got for me?" asked Bond again. QE slid across the table a third black box. It was smaller than the other two.

"It's a deck of cards," said QE.

"Excellent!" said Bond.

"Laser-guided, titanium-polycarbonate alloy. One flick of a card across the



room will slice Le Chiffre's jugular. Correct?"

"No," said QE. "It's a deck of cards. We want you to go to Casino Royale and beat Le Chiffre at baccarat. Destroy him financially and his Soviet paymasters will do the rest."

Bond looked crestfallen. "You'll have up to 10 million to play with," said QE.

"Sterling?"

"Francs."

"Oh, well," Bond shrugged. "I'd like to do it, but I can't promise to win."

"We will just have to take that chance. Good luck, Bond. And don't bend the corners of the cards when you shuffle them." QE turned and walked to the other end of the lab.

Bond glanced down at the now-unattended CDS black box and furtively slipped it into his suit pocket.

"I saw that!" A familiar female voice startled Bond.

"Ah, Miss Moneysupply," stammered Bond. "You caught me... Here. I'll put it back." As she returned to her desk, Bond removed a small black box from his pocket and replaced it on the lab table. The box was exactly the size of a deck of cards. The one still in his suit jacket was somewhat larger...

Junque Bond will return in *A Quantum of Easing*. ♥



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