



HMS Victory poster

Get on board Britain's most famous warship **Inside**

Bank chief condemns German austerity

Carney warns of another 'lost decade' for EU

Philip Aldrick Economics Editor
Francis Elliott Political Editor

The governor of the Bank of England launched an unprecedented attack last night on German austerity, warning that the failure of wealthy states to help poorer countries risked trapping the eurozone in "another lost decade".

Mark Carney made a barely coded call for Berlin to yield to Greek demands to relax austerity as he criticised the failings of European leaders.

Although not mentioning Angela Merkel by name, his broadside comes amid growing frustration in the United States and Britain at German caution that is blamed for holding back European growth.

His intervention will infuriate the German chancellor as she battles to keep Greece in the currency union without provoking demands for concessions from other struggling nations, such as Spain.

Mr Carney spoke three days after the left-wing anti-austerity Syriza party surged to victory in the Greek election, sending the eurozone into a new phase of uncertainty.

Greek markets were thrown into chaos yesterday, with the Athens Stock Exchange tumbling more than 9 per cent, led by a 27 per cent fall in bank stocks, amid fears that the new government would enact radical reforms under which it would leave the eurozone.

Delivering a lecture in Dublin, Mr Carney attacked the efforts of Europe's leaders to complete the changes necessary for a workable currency union. He

said that loose monetary policy, such as the €1.1 trillion quantitative easing programme launched last week, and economic reforms by struggling countries would help to address the eurozone's problems, but the big win would be an acceptance that member states must pool their resources.

"The answer is to build the risk-sharing institutions that are present in any successful currency union," he said. "European monetary union will not be complete until it builds mechanisms to share fiscal sovereignty."

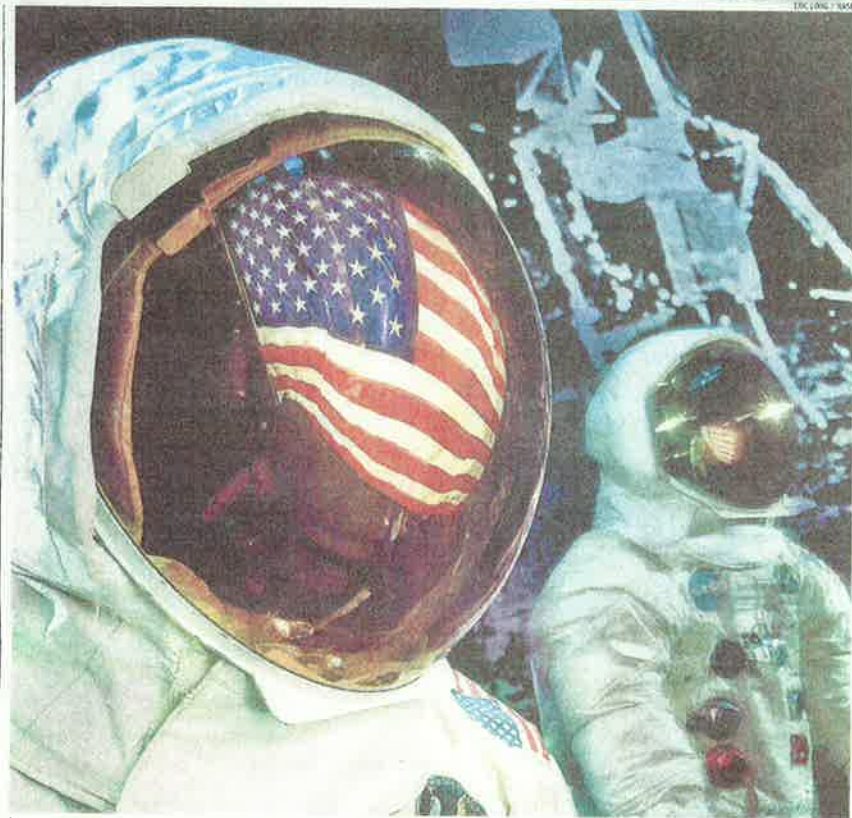
His comments are likely to inflame tensions in Europe and infuriate the political establishment, where calls for greater federalism and risk-sharing have led to a rise in nationalist parties, such as the True Finns.

They also come at a time when Greece's new government is trying to renegotiate its debts and seek fresh support from the rest of the eurozone.

In words that were interpreted as a call for Berlin to provide Athens with further debt relief, Mr Carney said: "It is difficult to avoid the conclusion that, if the eurozone were a country, fiscal policy would be substantially more supportive. However, it is tighter than in the UK, even though Europe still lacks other effective risk-sharing mechanisms and is relatively inflexible."

The governor gave three reasons why Britain had avoided a debt trap, citing the integrated financial system, a fiscal system that allowed budget deficits to rise during a downturn and an open, flexible economy. Earlier this

Continued on page 2, col 3



Museum's giant leap The Smithsonian Institution, home to the spacesuits worn by the first men on the Moon, is to open a gallery at the Olympic park in London to show what it said would be the "best and the breadth of its collection". Pages 6-7

Football pundits face £4.5m tax bill

Alexi Mostrosos Special Correspondent

Two *Match of the Day* presenters have been landed with tax bills totalling more than £4.5 million after investing in an alleged tax avoidance scheme.

Three other pundits on the BBC's primetime football show have also poured money into tax break schemes that have been investigated by Revenue & Customs.

The contributors Gary Lineker, Robbie Savage, Martin Keown and Danny Murphy put money in film investment schemes set up by Ingenious Media Partners. HMRC believes

that the schemes, which helped to finance *Life of Pi* and *Avatar*, constitute "contrived" tax shelters.

Rio Ferdinand, a former captain of England and another *Match of the Day* regular, invested in a film scheme set up by a company called Scion, according to documents filed at Companies House. He and other investors in the scheme are understood to have settled any tax bills with HMRC in 2011.

Murphy, a former England and Fulham footballer, has been ordered to pay a £2.5 million tax bill this month after investing in two Ingenious partnerships in 2005, it emerged this

week. Keown, 48, the former Arsenal defender, is understood to have paid just over £2 million to HMRC. Last night he confirmed that he had received a "retrospective tax bill" over his Ingenious investment. "I have always paid my taxes and dealt with this new bill swiftly," he said. He denied that the figure of £2 million was accurate. Lineker invested in five Ingenious partnerships between 2003 and 2007 and Savage put money in two partnerships in 2005. It is not known how much each player invested or whether they claimed the tax relief to which they

Continued on page 2, col 3

IN THE NEWS

New rape guidance

Rape complainants who were too incapacitated through drink or drugs to consent to sex must not be blamed, prosecutors have been told as part of new guidance. Page 2

Kinnock plea for calm

Lord Kinnock called for an end to internal sniping at Ed Miliband as Labour continued to focus on the NHS a day after a party grandee criticised its health strategy. Page 9

Three-parent babies

Britain should become the first country to legalise the creation of three-parent babies, a group of influential scientists has said in a letter to *The Times*. Page 11

Border clash deaths

At least two Israeli soldiers and a Spanish peacekeeper died on the Lebanese border in the most serious clash between Hezbollah and Israel since the 2006 war. Page 30

Spurs reach final

Tottenham Hotspur will meet Chelsea in the final of the Capital One Cup at Wembley on March 1 after a 3-2 aggregate victory over Sheffield United. Pages 70-72



Pages 18-19

Mega basements, £895 dinners:

As our leaders jump on the billionaire-bashing bandwagon, William Sitwell tries to find qualities that we can admire

Everyone has it in for the super-rich. They come over here in their private jets, buying all the best houses over £10 million and what do we give them in return? Our sneers and our jeers.

We have more billionaires per capita than any other country. When you're one of the 0.1 per cent (not the 1 per cent, by the way, who are just the households earning £160,000 a year) you probably don't worry too much about sneers. But this minority must be aware that politicians are falling over themselves to get in on the bashing. Ed Miliband, desperate to defend his left flank from the Greens, has his cherished mansion tax. Nick Clegg fancies a wealth tax. And David Cameron has said that he is looking forward to working with the new firebrand Greek prime minister on tackling corruption and increasing tax transparency. But what if we ignored how strange and vulgar they are — might it be possible to learn to like the super-rich? Here's how you might try.

1 Construction companies can sleep easy in the knowledge that there are millions of tonnes of Thames clay that can be dug out of London to create swanky basements.

2 And lawyers at conveyancing firms are rubbing their hands with glee at the tremendous opportunities for party-wall litigation as would-be basement diggers fight neighbours who would rather avoid the noise of heavy machinery and the opportunities presented for their houses to crack and subside into a muddy abyss.

3 Budding chefs and waiting staff can be assured of work as restaurants such as Jason Atherton's City Social

in the City of London's swanky Tower 42 has no trouble persuading diners, as it did recently, to pay £895 for a Ferran Adrià dinner — which did at least come with a free copy of the Spanish cooking legend's seven-volume book.

4 What better way is there to feel good on holiday than to tut as a vulgar super-yacht moors in the bay of your plebeian Greek beach and bikini-clad nymphs start diving into the sea while your male other half reaches for his binoculars and mutters words like "pathetic"?

5 The existence of bespoke chocolate makers, such as Melt in Notting Hill, provides excellent dinner-party conversation as you regale friends with the fact that their individual chocolates cost about £2 — yes £2 — each. And it makes for a more enjoyable shoplifting expedition.

6 You too can bring *Downton Abbey* to life by becoming a butler as the super-rich invest in this must-have accessory. But it's no below-stairs life in a dusty cupboard. Sure, you need to bow and scrape, but you can also earn more than £100,000.

7 Super-rich foodies — who insist on knowing the name of the cow, the type of grass they eat and their last meal — have helped spawn a farming revolution of small, elite producers such as bass player-cum-cheeseman Alex James or former racing driver-cum-organic/biodynamic farmer Jody Scheckter, whose buffalo milk ice cream sells for £5 a tub in Waitrose.

8 Kitchen designers are able to fulfil their wildest dreams as budget-less commissions arrive. Architect and designer Johnny Grey, for example, has become the name to drop in

überwealthy circles. Although a dream kitchen can become a nightmare as he realises that what his client really needs is not a £2 million P7350 Poggenpohl Porsche design that juxtaposes the vertical with the horizontal in gloss lacquer grey walnut but a therapist or a new husband.

9 Climate-change campaigners can celebrate as swathes of Knightsbridge and South Kensington fall into darkness at night as swanky apartments owned by Qatari princes are left empty while their owners sit in their air-conditioned palaces in the Middle East.

10 As London becomes occupied by people who don't actually occupy it, we are able to discover fresh new suburbs for our dwelling pleasure. Listen out for the upper-crust accents of the nouveau pauvre aristocrats as they shop at Iceland in New Cross or sip coffee in Café Rio on the high street of what has been renamed Walthamstow Village to settle the nerves of shaky newcomers.

11 Television executives can make voyeuristic reality-style documentaries about holidays of the rich and loony — and we can be joyfully glued to the telly watching them. *Billionaire's Paradise*, for example, recently aired on the BBC and allowed us to ponder at the opportunity of spending £39,000 a night for a holiday on Richard Branson's Necker Island.

12 What kind of journey would humanity be on if you couldn't kit out your children's nursery with a bespoke £3,200 Nestor sleigh cot from Custard & Crumble, let alone a £5,000 made-to-measure four-poster bed for your teen daughter from Beaudesert?

13 Then, of course, fashion designers are cheering the opportunities presented to dress the children of the mega-rich. For a mere £1,000 you can kit your seven-year-old son in a Burberry shearling jacket, check shoulder-patch T-shirt, straight-leg jeans and high-top sneakers. The same price can be achieved, of course, for your cherished daughter dressed in a Burberry wool coat, Moto rainboots, riding hat and crossbody bag.

14 Without the crazy rich, the Australian-born chef Chris Large would have no customers for his glamburger. Large will come to your own home to assemble the dish, which is made with kobe wagyu beef and New Zealand venison and black truffle brie. The patty is seasoned with Himalayan salt and a Canadian lobster poached in Iranian saffron (I mean, who wants pepper?).

On top, bacon is coated with maple syrup, beluga caviar and a hickory-smoked duck egg covered in gold leaf. The whole bun is then seasoned with Japanese matcha (a powdered green tea), cream mayo and more gold leaf before being garnished with a mango and champagne jus and grated white truffle. All in (plus washing-up) for just £1,100.

15 It's all very well being able to search for a recipe with your Jamie Oliver app, but it's not half as much fun unless you can spend at least £10,000 on the smartphone you view it on. Young calves are now happily presenting themselves at the gates of slaughterhouses so they can be turned into cases for Vertu's range of handsets.

Whether it's the polished titanium, the Bose speakers or the high-strength toughened Zirconia pillow — shaped to match your ear — that floats the monie's boat, the factory workers who fashion these fancy accoutrements can now fearlessly splash out on a second round of chips come Friday lunchtime.



15 reasons to love the 0.1 per cent



What the personal shopper saw

My clients are very much in the 0.1 per cent. They think: "I'd rather pay someone to do this properly than do it myself." I charge £90 an hour and I only work by word-of-mouth. The point of me is that they never have to walk into a shop: I'll have £100,000-worth of clothes from places like Matches and Net-a-Porter sent "on approval" and they'll keep maybe £15,000 of that. Some clients prefer to shop regularly and some will spend £25,000 in one go. We try it all on at their homes, the stores collect what they don't want and I do the transacting — I have their card details on file.

They travel all the time, mostly on private jets, so I pack for them and lay it all out the night before they go. This month I've got one couple going to the Baftas and one going to the Grammys, so I've done every outfit they'll need for three days. It doesn't matter if I've seen them four hours earlier, I get texts saying, "I'm going to dinner at 5 Hertford Street. What should I wear?" I just got one that said, "I'm really stressed. What should I wear for lunch?"

The wardrobes are beautiful: really big, airy rooms in Kensington houses with double-height ceilings and a huge ottoman in the middle. You open the husband's cupboard and there's a watch display that revolves every half hour. I'm their counsellor too. When you're that kind of woman, you don't tend to go to your girlfriends to ask if things look nice, but later I'll get a message saying, "Everyone said I looked wonderful."

All my clients are obsessed with working out. I'll choose workout gear for them — the latest Stella McCartney and Nike. They do a lot of Pilates. Most have people who come to the house because they have gyms in the basement. And they get the best appointments with all the top facialists too — people like Sarah Chapman. Not a single one of my clients cooks for themselves. There's always a housekeeper, usually a nanny and a cook.

They're very hands-on with their children — no one else bathes them or puts them to bed — but when it comes to shopping the parents would rather I did it with them. I'm going to Topshop with a 16-year-old next week and we'll spend £3,000-£4,000. It's not a normal budget but they make sure they're never vulgar.

One woman I know dresses down when she's with her husband's family — she'll be in J.Crew rather than diamonds. It's uppermost in her mind that everyone is comfortable and that she never feels like she's showing off. Another bought three £6,000 Oscar de la Renta evening dresses to wear to her husband's Christmas party.

'I live among them'

Once you've got a £125,000 black Range Rover with leather interior, a £6.3 million Victorian 4,000 sq ft mansion in West London — ideally overlooking a private garden — and a second home in Ibiza or Verbier, you get creative on how to spend your money.

You wouldn't believe how easy it is to spend money on your children's education. When you think about it, school fees costing £20,000 a child, times two children (£40,000), plus the cost of a nanny (£30,000), is £140,000 a year before taxes.

A friend who recently came back from Aspen had her daughter in full-day private ski lessons for two weeks, costing \$1,000 a day. That makes \$14,000 for two weeks of private ski lessons for her four-year-old daughter. Only after the holiday did her daughter admit that she didn't like skiing and had ended up playing in the ski school's soft play area most of the days.

It's also not good enough going on "regular" holidays anymore. A few years ago, pre-recession, I was at a dinner with the COO of a private equity firm. His eyes filled with excitement when he told me that I should try elephant hunting for tusks. He explained that for £50,000 you could come home with an elephant trophy.

It's quite common for my friends to own a few properties in London, either renting them out or renovating them in order to sell later.

Of course, your primary residence is exempt from capital gains tax, which makes it very attractive for people to try to increase its value. Someone I know decided to build a swimming pool in her basement. This "wow factor" added another £500,000 to the value. By "the Notting Hill Yummy Mummy"

How the rich buy their properties

For the super-rich, acquiring a family home is a job for the assistant. "The super-rich are much less interactive than the merely rich," says Sophie Rogerson, director of RFR, a property search and interior design company. "Typically I will take one of their executive assistants on the tour of houses. Generally, the richer they are the more high-maintenance, and the assistants are held responsible."

In this context, high-maintenance extends to being dissatisfied with all of London's housing stock. "Most of London is tall and thin and nobody understands why the British live like that," says Rogerson. "They want spacious lateral mansions."

To find them they go to Hampstead, Wimbledon and Richmond. The odd house in Belgravia passes muster, as do those in the Boltons, a crescent of gigantic villas in southwest London. "Those are popular," says one estate agent, "because they have big gardens

and although they don't actually play with their own children, they need the space for wendy houses and toys so that other people can."

"The crème de la crème for the super-rich is Kensington Palace Gardens," says Rogerson. "I recently looked at one at £150 million with a client. For that you get 14,000 square feet, a swimming pool and security guards at both ends of the street. They are all owned by the Crown Estate so you don't even own the freehold."

So what's the attraction to London? A relatively benign non-dom tax environment, a stable political situation, and education. "Even at the super-rich end, much of our client's search is driven by where the children will go to school," says Rogerson.

Once your assistant has put George down for Eton, another has to get your house done up. According to Rogerson, whereas a normal client would pay £250 a square foot, the super-rich will pay £650.

The houses of the super-rich are ultra-customised: your De Gournay wallpaper is bespoke, naturally. Your designer will go to Italy to source marble and make sure the pieces are symmetrical so the veins line up. They have marquetry made by joiners: his and hers walnut dressing rooms with mother of pearl inlay.

"The super-rich tend to be more difficult to deal with because they don't trust easily," says Rogerson. "Everyone's always trying to get something from them. They want everything now, and they don't understand that sometimes suppliers make mistakes."

"They expect a lot more," adds another, "but they're not as keen to pay as people who have less money. Oddly, they feel like they have a right to more than other people in terms of our time. They'll pay up in the end, but there might be more of a fight about it." Hilary Rose

Is your child getting left behind this school year?

Most parents are not natural teachers. But if you are concerned about your child's progress, Times Tutorials can help.

Our worksheets are designed to clearly explain Maths, English and Science in a way that makes sense.

All our resources are based on the National Curriculum and approved by qualified teachers, so you'll have everything you need to support them.

Help your child for just £1 with a 14-day trial

START THEM NOW ON timestutorials.co.uk

FACTS | SKILLS | SCIENCE

TIMES TUTORIALS