KING COAL'S SHAKY REIGN

SURVIVAL A MATTER OF COSTS

by IAN STORY

Australia is the world's biggest coal exporter but the industry is in danger. Faced with falling prices and increasing competition in traditional markets, Australian coal producers will need to cut costs radically in order to survive.

The rapid increase in oil prices in the 1970s caused the intensity of use of steel, and energy consumption, to collapse at the same time as a number of new coal mines were developed to take advantage of perceived growth in steel and energy demand. The resultant over-capacity in traded coal has caused prices to fall dramatically, particularly for coking coal.

Coking coal is facing a declining steel market worldwide, a declining use of coal in the steelmaking process and a shift in demand from higher to lower quality. The problems facing coking coal appear to be endemic. We believe that real increases in coking coal prices will not occur in the near future, and the average real prices could continue falling as soft and semi-soft coking coal replaces hard coking coal. Increasing quantities of soft coking coal will be sold as steaming coal.

Steaming coal, by comparison, appears to be much more attractive in the longer term. Anticipated real increases in oil prices in the early 1990s are likely to stimulate demand for steaming coal by European, Asian and Mediterranean countries who tend to be most sensitive to oil prices.

The present surplus of 10 million tonnes or so in traded steaming coal could become a small shortfall in the next three years. This would allow for real price increases in the 1990s. The extent of any price increase is likely to be less than that of oil as rising prices allow major producers such as the US (800 million tonnes a year) and China (900 million tonnes) to shift marginal tonnages into European and Asian markets respectively.

The 12 per cent fall in coking coal price from $US48 to $US43 is not an anomaly, but the return to lower prices after a short-lived period of unusually high prices. Similarly, the 8 per cent fall in steam coal price from $US31.98 to $US29.40 signals that the party is now over and the only route to survival is to increase productivity, phase out restrictive work practices and undercut prices of competing overseas producers.

Continuing over-capacity combined with slow demand growth will hold prices at current low levels in nominal terms until 1990. In real terms, prices are likely to fall by the rate of inflation.

The only positive side for producers is the possible fall in the Australian dollar to around $US0.65, tantamount to a 10 per cent price improvement for local exporters.

Japanese utilities have long been consummate and ruthlessly effective negotiators.

Last year, Australian steam coal producers asked to revert from Australian dollar pricing to US dollar pricing following the weakness of the Australian currency. Japanese utilities displayed deadly acumen by delaying

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the switch-over until the $A plummeted to below $US0.60, and actually managed to lock in a record low $A /$US exchange rate of $0.5977, on an Australian dollar price of $53.50 a tonne.

Since mid-1986, the Australian dollar has steadily climbed to around $US0.71, yielding local steam coal exporters an equivalent price of $A41 based on the current Choguku benchmark price of $US29.40.

It is interesting to note that since 1981, the cost of one tonne of coal to Japanese consumers has fallen by more than 60 per cent, from 11,258 Yen to 4,260 Yen today. Over the same period, the Australian selling price per tonne of steam coal has fallen by only 3 per cent from $A43.30 to $A42.00. US buyers have concurrently seen coal prices decline by 40 per cent from $US47.63 to $US29.40.

In 1982, the cost of producing a tonne of coal in Japan was roughly in line with the prevailing world prices. Today Japanese consumers are paying four times the international market price for coal. This situation has resulted from falling world coal prices and the doubling in value of the Yen.

Whatever the cause, the fact is that Japanese consumers are effectively using the gains on cheap overseas purchases to subsidise high-cost domestic production and maintain local employment.

The world's largest privately owned electric power company, Tokyo Electric Power Company (TEPCO), serves as an excellent example of just how profitable Japanese power utilities have become as a result of cheap world energy prices and favourable exchange rate movements.

TEPCO has more than 40,000 employees and annual sales of more than $A40 billion. In 1986, TEPCO declared after-tax profits of 130 billion Yen, or some $A1,000 million. This year, TEPCO's profit will increase to more than 500 billion Yen or some $A5,000 million. TEPCO's profits are extremely sensitive to cheap oil, low interest rates and the high Yen. Specifically:

- For each point the Yen rises against the $US, TEPCO's pre-tax profit increases by 4,000 million Yen, or around $A40 million.
- Every time the world oil price falls by $US1 per barrel, TEPCO's pre-tax profits increase by a mammoth 37 billion Yen, or approximately $A350 million.
- A 1 per cent drop in Japanese short-term interest rates (currently around 3 per cent) improves pre-tax profit by another 4,000 million Yen, or $A40 million.

The world's steel industry is still in the process of adjusting to the second oil-price shock of 1979 which disadvantaged heavy, energy-intensive industries in favour of newer "high-tech" industries and services. The oil shocks of the 1970s set in train a series of events which have profoundly and permanently altered the course of world economic growth, resulting in continually declining intensities of use of steel and base metals as well as petroleum.

The intensity of use is declining the most rapidly in developed economies where over-capacity is chronic. Increased growth in steel capacity is occurring in only a handful of "Newly Industrialising Countries" (NICs) concentrated in South-East Asia.

The inexorable rise in the value of the Yen has devastated Japan's competitiveness in steelmaking. The move towards offshore production is continuing, but this is now being offset by moves to stimulate the domestic Japanese economy.

Domestic demand in construction has picked up strongly and despite the political problems arising from the US trade imbalance, the export outlook for the US, China and the USSR are all good.

In recent years Japanese steel mills have operated on an annual base output of 100 million tonnes, rising to 104 million tonnes in 1985. In 1986, steel production fell by 7.5 million tonnes to 96.4 million tonnes. Japanese production now looks like steadying at 95 million tonnes in 1987, and by 1990 this is forecast to level out at 90 million tonnes a year.

Japanese steel exports to China are still running at around 10 million tonnes a year despite the fact that the financial returns to Japanese steel mills have fallen significantly because of the doubling of the Yen/Yuan exchange rate over the past two years.

Even though Japanese steel production could settle in the 85-90 million tonne range until the end of the century, the problem for Australian coking coal producers is that the march of technological change is steadily permitting more general use of cheaper, lower-quality steaming coal to replace high-quality coking coal which sells for a premium of 50 per cent.

COKING COAL EXPORT PROJECTIONS

(million tonnes per year)

	1984 (A)	1986 (A)	1990(E)	1995(E)
JAPAN	29.4	27.0	25.0	25.0
KOREA (Rep.)	3.3	3.3	4.2	4.6
TAIWAN	1.8	2.0	3.0	4.5
TOTAL NORTH ASIA	34.5	32.3	32.2	34.1
OTHER ASIA	1.1	2.9	3.8	5.2
EEC	8.2	8.7	9.2	9.5
OTHER EUROPE	1.2	1.6	1.6	2.5
MEDITERRANEAN	1.0	1.2	1.2	2.2
LATIN AMERICA	0.9	1.0	2.0	3.0
TOTAL	46.9	47.7	50.0	56.5

STEAMING COAL EXPORTS BY DESTINATION

	1984 (A)	1986 (B)	1990 (E)	1995 (E)
JAPAN	11.6	15.0	17.0	21.0
KOREA (Rep.)	3.4	5.4	4.1	4.5
TAIWAN	1.7	3.1	4.5	7.5
HONG KONG	2.0	2.6	3.9	4.0
TOTAL NORTH ASIA	26.1	26.1	29.5	37.0
OTHER ASIA	1.0	2.3	2.2	4.0
EEC	8.5	13.1	13.9	18.0
OTHER EUROPE	—	1.0	1.3	2.0
MEDITERRANEAN	0.6	0.7	1.9	6.0
TOTAL	28.8	43.2	48.8	67.0

The decline in Japanese coking coal purchases from Australia will be offset by capacity expansions in Korea and Taiwan. Other expanding markets will be India, Pakistan and Europe. Many of the world's inland steel mills, especially in Europe, have been heavily subsidised and are due to close over the next few years. These will be replaced by more modern mills on the coast, which will be amenable to competitive exports of seaborne coking coal from Australia.

Other countries expanding their steelmaking capacity are Brazil, Turkey, Romania, Yugoslavia, Iran and Algeria. These markets are expected to show modest but useful growth between 1990 and 1995, and should permit total Australian coking coal exports to grow from 50 million tonnes in 1990 to 56.5 million tonnes by 1995.

Japanese purchases of Australian coking coal have already fallen from 29.4 million tonnes to 27 million tonnes a year over the past two years and are expected to fall further to 25 million tonnes by 1990. In contrast, Australian coking coal exports to Korea are forecast to grow 50 per cent from 3.3 million tonnes a year to 4.6 million tonnes, and to Taiwan to more than double from 2 million tonnes a year to 4.5 million tonnes by 1995.

The two world oil shocks of the 1970s were a double-edged sword. Just as higher energy prices led to lower world steel and base metal intensities, the other side of the equation has increased for steaming coal.

Steam coal experienced rapid demand growth during the early 1980s but, unfortunately for Australia, the rate of growth in new mine capacity was even more rapid. Steadily increasing world demand for steam coal will slowly absorb the excess production capacity until the supply/demand balance tips in Australia's favour — due by 1990.

The growth in new coal-fired power stations is expected to quicken in the early 1990s as world oil prices take off and as current inefficient and subsidised plant capacity is replaced.

European countries offer excellent growth potential to Australian exporters. These include Denmark, Holland, Spain, Italy and Scandinavia. France is replacing South African coal imports with nuclear power. Other countries offering great potential for increased Australian steam coal exports are Turkey, Egypt, Israel, Greece, and other Middle Eastern nations wishing to conserve their increasingly valuable oil reserves.

AUSTRALIAN COAL EXPORTS AND PRODUCTION

(million tonnes per year)

	1975 (A)	1980 (A)	1984 (A)	1986 (A)	1990 (E)	1995 (E)
EXPORTS						
Coking Coal	26.5	33.9	47.0	48.7	50.0	56.0
Steam Coal	3.5	8.9	28.8	43.3	52.0	67.0
Total Exports	29.9	42.8	75.8	92.0	102.0	123.0
DOMESTIC						
Coking Coal	9.5	8.5	6.6	6.7	7.0	7.5
Steam Coal	28.8	25.3	33.1	36.8	42.0	48.5
Total Domestic	38.3	33.8	39.7	43.5	49.0	56.0
Total Australian Production	68.2	76.6	115.5	135.5	151.0	179.0

Nearer home, the Japanese have recently made a further downward revision in their electricity requirements to 1990, with the deferral of at least 10 planned power stations into the 1990s and the indefinite deferral or cancellation of at least four others.

Australian steam coal exports to Japan are now anticipated to remain virtually static at 17 million tonnes a year, but this should improve to 21 million tonnes by 1995. Taiwanese imports of Australian steam coal are expected to grow from 3.1 million tonnes to 4.5 million tonnes by 1990, and to 7.5 million tonnes by 1995. Hong Kong is expected to increase its intake of Australian steam coal from 2.6 million tonnes to 3.9 million tonnes by 1990, but this is likely to level out at 4 million tonnes by 1995 as Hong Kong becomes more reliant on Chinese exports. Korea is expected to cut back on its imports of Australian steam coal from 5.4 million tonnes due to the commissioning of several new nuclear power plants, but the figure should recover to 4.5 million tonnes by 1995.

Japanese power authorities have now completed the latest of a series of fundamental downward revisions of their energy requirements to the end of the century. A distinguishing feature of this series of revisions has been a dogged determination to maintain the program of nuclear and LNG-powered stations. This has resulted in even more dramatic cuts in projected demands for steam coal, which has now become the "swing fuel" for the Japanese.

The prospects of a major expansion in Japanese steam coal imports have been steadily receding since the 1980 panic which was triggered by the second oil price hike in 1979.

Rather than make public pronouncements, Japanese authorities have been stealthily making these fundamental revisions in the annual statistical handbooks produced by the power utilities.

To identify these deferrals it is necessary to compare the anticipated completion dates of individual power stations under construction with those in the previous year's handbook. Such an examination of the Japanese statistics indicates a number of trends:

- Nuclear and gas-fired stations are seldom delayed.
- Many coal-fired power stations have been moved back in three-year tranches, particularly the larger-capacity, multi-unit stations.
- Near-completion projects are subject to less deferral.

Among specific deferrals of coal-fired plants, EPDC has deferred the 100-megawatt Matsuura I plant from 1989 to 1992, and has postponed indefinitely the Matsuura II plant due in 1995. Tokyo Electric has deferred the Hirono 3 1,000-megawatt plant from 1989 to 1991. A further 1,000-megawatt plant, Hirono 4, has been put back from 1992 to 1995. Tokyo Electric has also delayed the Noshiro I 600-megawatt plant from 1991 to 1994. The giant 2 × 1,000-megawatt Haramichi plant has been put back five years from 1993 to 1998.

Reflecting the many power-station deferrals, the Economic Planning Agency (EPA) has revised average annual energy growth rates from 3.5 per cent to 1.7 per cent between now and the year 2000. Despite these downward revisions, a growing number of industrial consumers are making on-going decisions to install industrial boilers, due to the anticipated long-term low prices for steaming coal.

In the past decade, coal has been the most successful of Australia's exports. In 1974-75, coal exports were 32 million tonnes worth $673 million, or 7.4 per

cent of total exports. In 1986-87, coal exports amounted to nearly 98 million tonnes worth $5,400 million or 15.3 per cent of total exports.

Coal is Australia's largest export by a wide margin. Wool, the second-largest export, would have to grow by 50 per cent to catch coal. Wool and wheat combined are barely as big as coal. Given Australia's balance of payments problems, a healthy coal industry is necessary for future economic growth.

Total Australian coal production is forecast to grow 11 per cent from 135.5 million tonnes in 1986 to 151 million tonnes by 1990, and further to 179 million tonnes by 1995. Despite the current chronic cost problems, export tonnages are set to grow from 92 million tonnes in 1986 to 102 million tonnes in 1990 (11 per cent) and to 123 million tonnes (21 per cent) by 1995.

These projections for increased export tonnages are predicated on a successful roll-back of the excesses of the early 1980s in terms of gross labour costs and idle machine time resulting from an unwillingness to adapt to new technology and changed world markets. They also depend on realistic government imposts.

Falling prices, increasing wages and exorbitant government charges will return the industry to the red in 1987-1988.

The fastest-growing sector is steam coal exports, which will increase by 50 per cent by 1995, from 43.4 million tonnes to 67 million tonnes. The most rapid growth is likely to take place during the 1990s, once the supply/demand balance tightens up and excess capacity is absorbed.

These projections of additional tonnages carry no direct relationship to either profitability or employment levels. In fact, pricing and profitability are likely to remain marginal until 1990, and employment levels must decrease if Australia is to remain competitive with overseas producers.

The NSW coal industry has lost money for the past five years, and after a relatively good year in 1985-86, the outlook has deteriorated dramatically. Falling prices, increasing wages and exorbitant government charges will return the industry to the red in 1987-88. Only the highly competitive Utah mines in Queensland will show a decent return on funds invested.

Five-Year Average Return on Shareholders' Funds

	% p.a.
All Industries	10.2
Banks	16.1
Heavy Engineering	10.5
Transport	13.0
Coal — Australia	7.8
Coal — NSW	-5.5

These terrible returns have caused a large reduction in capital expenditure. No new mines have come into production for three years, and it is unlikely that any new mines will come on stream before 1990.

Any increase in production between now and 1990 will come from incremented production from existing mines. While this does not require major capital expenditure, even the $20 million involved in installing longwall equipment, or adding trucks and shovels, can be injected only if increased investment earns a decent return.

Australia is a small producer of coal, despite being the world's largest exporter. The major producers — the US (800 million tonnes a year) and China (900 million tonnes) — basically set export prices by dumping marginal tonnes into their respective markets. South Africa (200 million tonnes a year) has also undercut prices in Asia to ensure markets for its exports, which are no longer politically palatable in Europe.

Australia depends, for base load production, on exports. It must export irrespective of prices. Since prices are set on the margin by the US, China and South Africa, the only way Australia can increase profits is by cutting costs.

The major capital expenditure in the early 1980s increased productivity in open-cut operations by nearly 50 per cent. Underground productivity has also benefited from increasing capital expenditure, rising by about 25 per cent.

Prices in Australian dollars until late 1986 remained fairly steady, allowing revenue to increase with production and productivity. Profits, however, have not improved. The reason is clearly costs. In particular, government charges and wage costs have increased substantially.

Excluding equipment purchases and non-cash costs, government charges (excluding taxes) accounted for well in excess of 20 per cent of total industry costs in 1985-86. The high level of charges will force a number of mines out of business, costing the government revenue.

NSW Govt. Revenue from Coal Exports (Est.)

	$/tonne
Royalties	1.70
Rail freight	10.00
Port charges	5.40
	17.10

At 45 million tonnes p.a. $770M

Potential closure of 8 million tonnes of capacity will cut NSW Government revenue by about $135 million or 18 per cent. This takes no account of unemployment and other costs. The NSW Government would be no worse off if it cut charges by $3 a tonne on average. To date, the NSW Government has magnanimously agreed to cut 34 cents a tonne from royalty charges.

The royalty and rail charges have been built up on the basis of "what the market will bear" and have resulted in an uncompetitive and inefficient industry structure.

NSW and Queensland rail freights rose dramatically in the early 1980s on the back of a resources boom which never arrived. Rail freights remain at high levels notwithstanding the fact that coal prices have fallen and will not show any real growth for the rest of the decade.

The problem is that rail handling charges are $5 a tonne more than in South Africa, despite the fact that average rail hauls in NSW are only one-fifth of the distance covered in South Africa.

NSW rail freight rates are both erratic and inflated. Overmanning in the SRA is extreme, and cost controls weak. Productivity improvements within the SRA could result in a 20 per cent reduction in freight rates. Cost reductions of $2 a tonne should be achievable on the western and southern lines, and even greater reduction of $3 a tonne on the northern line.

The SRA is capable of achieving considerable cost benefits by using larger unit trains, reducing the effect of passenger priority periods and improved scheduling. A cost reduction of $1 a tonne should be achievable simply by increasing the number of wagons from

22 to 31 in the western and southern regions. An under-utilisation of existing infrastructure by as little as 10 per cent can result in cost increases of 40 cents a tonne.

NSW rail charges for coal are the highest in the world if the very short local rail-haul distances are taken into account. Average NSW rail charges are around 8 cents per tonne/kilometre compared with 6 cents in Queensland, 3 cents in the US, 2.5 cents in Canada and 2 cents in South Africa.

Port charges also are too high. Ports run by the Maritime Services Board consistently charge more than privately-run ports to load coal (and other exports, such as wheat).

Reductions of 20 per cent in port charges could be achieved by staggering tea, lunch and smoke breaks to allow for continuous operation of loaders. Similar large savings could be made by eliminating cross-subsidisation at ports. The MSB should begin charging economic rates for the leasing of port land, or sell off surplus land, thereby reducing charges on export industries.

Labour costs amount to more than 30 per cent of cash production costs in the coal industry. Average wages are about twice the national average for Australian males at $800 a week or $41,600 a year.

Wages have, in the past, borne no relationship to profitability, and little relationship to productivity. Promotion and dismissal are rigidly based on seniority. Non-wage benefits are double the national average. The problem is not particularly the high level of individual wages — the industry can afford twice the national wage per employee — but the gross over-manning and under-use of equipment. It is possible that the total wage bill could be cut by 20 per cent, or about $3 a tonne, if manning levels were sensible.

The Australian coal-mining industry is adversely affected by "tolerance time" in organising round-the-clock shiftwork. Typically, underground coalminers work for five hours of a seven-hour shift, with the remaining two hours being accounted for as travel time. If a 7½ hour shift is required, overtime must be paid for an extra seven-hour shift.

The industry is effectively closed for Christmas and for three weeks each January, as well as one week at Easter and one week during the August school holidays. The bottom line is that the coal industry is permitted to work on only 229 days of a 365-day year, or 63 per cent of the available days in a full year. In addition, miners work only 83 per cent of the allowable hours per working day.

The result of working 83 per cent of possible hours a day for 63 per cent of the possible days in a year is that the total Australian coal industry is working only 52 per cent or one half of the available number of hours in a full year. Routine maintenance and other breakdowns reduce the effective working hours to even less than half the available time.

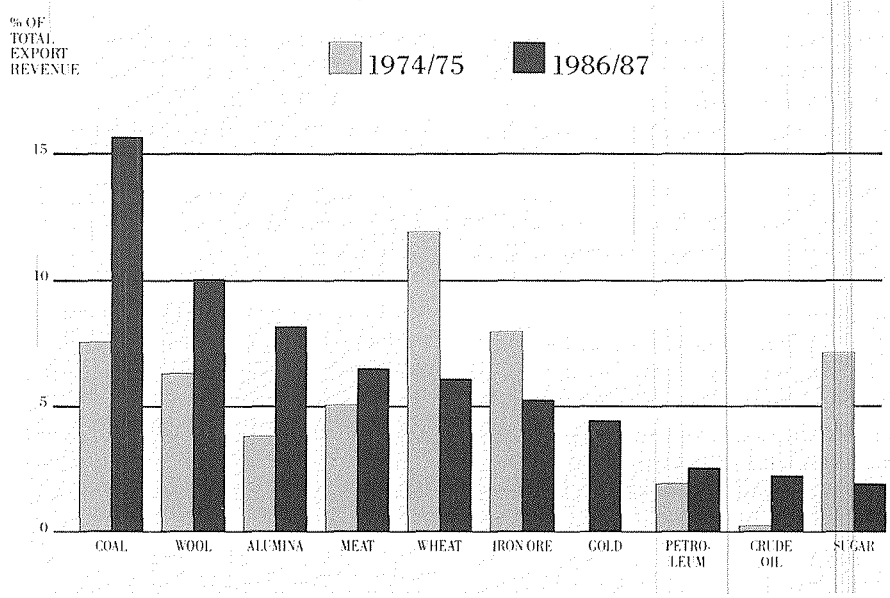
NSW open-cut operations also close down at weekends, putting the industry at a disadvantage to Queensland, when overburden removal operates 316 days a year.

If these work practices were changed so as to enable coal to be mined for a full 24 hours a day, and for a rostered seven-day working week, depreciation on a longwall mining machine would be reduced from $6 to $3 a tonne for a net cost saving of $3 a tonne.

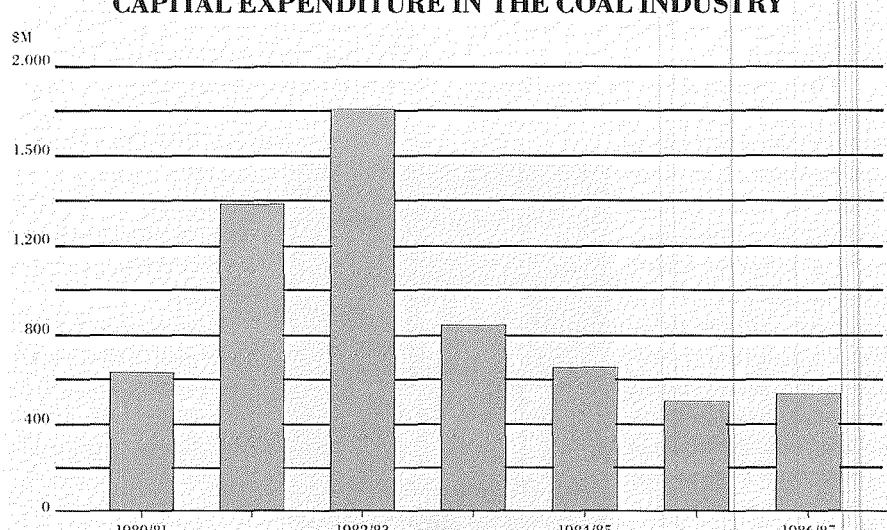
Such a change in mining practices would result in an immediate saving of $100 million without any capital outlay and without necessitating any more work from coalminers. Such a saving would ensure the long-term survival of the high salary scales and standard of living of Australian miners.

Without changes, total employment in the industry could fall by around 3,000 people, representing a direct loss in spending power of $120 million. □

AUSTRALIA'S MAJOR EXPORTS 1975 AND 1987



CAPITAL EXPENDITURE IN THE COAL INDUSTRY



SOURCE: AUSTRALIAN COAL ASSOCIATION

BOOK REVIEW

Hot Money and the Politics of Debt
by R.T. NAYLOR
Allen & Unwin, $39.95

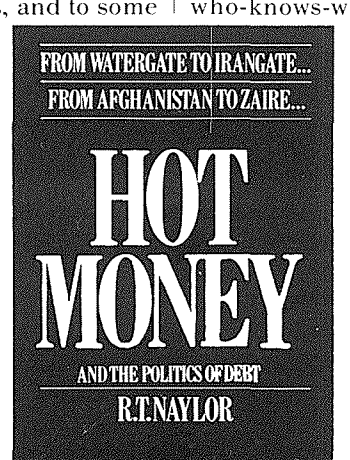
Minus Millionaires
by JEFFREY ROBINSON
Allen & Unwin, $39.95

Reviews by JOHN HOFFMANN

These two books are both about mystery money — huge sums that appear to be here one day, gone the next — but they approach different aspects of the phenomenon from greatly different viewpoints. R.T. Naylor's *Hot Money* is a serious attempt to define the origins and destinations of huge amounts of money, tainted by crime or deceit, that evade controls and move from haven to haven, and to link this floating capital with the international debt crisis. Jeffrey Robinson takes a lighter look in *Minus Millionaires* at personal and corporate fortunes that have been lost, stolen or otherwise separated from their owners.

Naylor takes on, awkwardly, rather too big a task in promising an answer to the debt burden which is crippling the economies of so many developing countries. The solution he offers — that the problem would be eliminated if the debtor countries simply refused to repay or even recognise the loans — seems too simple to be persuasive. But the reasoning that brings him to that end provides an interesting thesis on the morality of lending to developing countries.

The repudiation of developing country debt would cause great pain to major lending banks, and to some governments, but there would be some justice in that because they share much of the blame for the plight of the debtors, Naylor says. He is particularly critical of the International Monetary Fund which, he suggests, indulges in cynical politics in urging loan funds on the disadvantaged countries. The strings attached to these loans enable the IMF to install its own experts and impose its own economic policies.



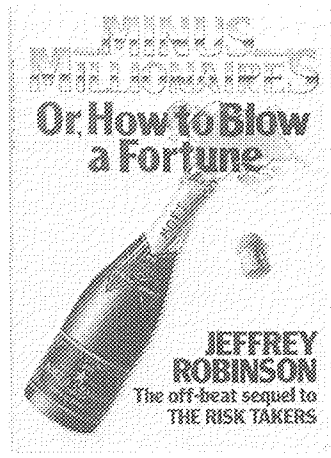
Western governments also deserve to suffer, according to Naylor, as retribution for the selfish encouragement they hold out to military regimes eager to squander resources and run up huge debts in buying arms.

And major banks, the source of much of the money used to create the debt, are no less guilty of complicity. Naylor accuses them of being the willing repositories of billions in funds pillaged, often from aid loans, by corrupt rulers. He wonders wryly at the lack of interest by both the US government and US banks in identifying the resting places of the supposed $US 10 billion that Ferdinand Marcos's family milked from the Philippines, and guesses that both government and banks are unwilling to endanger the United States' reputation as a safe haven for hot money.

The conscious immorality of the lenders, and the fact that the crooks and connivers who stole and squandered the money have long fled to their comfortable refuges, Naylor argues, should insulate the consequently destitute but innocent populations from any responsibility to repay the debt.

The other sort of Hot Money that Naylor follows on its flight around the world is that raised by white-collar corporate deceit or the more murky sources reliant on the drug trade and other underground crime. This vast fortune is constantly laundered through tax-free channels until it emerges who-knows-where with a newly respectable image, as investments in US real estate, corporate securities or chateaux in the Bahamas.

In a series of well-chosen anecdotes which would make good fiction, were the names of the players not so well-known, Naylor tracks the vanished riches of people such as Bernie Cornfeld, Baby Doc Duvalier, Meyer Lansky and the shadowy principals of Australia's own Nugan Hand Bank. He reminds us of the $50 million hole in Nugan Hand accounts about which no-one came forward to complain. Who lost, and who gained, the $50 million?



Naylor's narrative gains its awkward edge through its seemingly unquestioning acceptance of every conceivable theory of conspiracy. There is no doubt that collusion must exist to enable the laundering of the proceeds of drug crime, but to use that link to prove an intimate casual relationship between drug profits and the developing countries' debt crisis seems to be hauling logic beyond full stretch.

In *Minus Millionaires*, Jeffrey Robinson continues the off-beat, journalistic gossip that was successful in his earlier guide to making money, *The Risk Takers*. This time, he cameos those for whom the risk was too big, too complicated, or too silly.

The title for Robinson's book was provided by that great loser, Jim Slater, who referred to himself in his deepest down-turn as a "minus millionaire".

Robinson was driven to search out the stories of the world's other great losers, and the result is a highly entertaining peepshow of the lives of our most colourful carpet-baggers and conmen, as well as their hapless victims. Poor, sweet Doris Day, who was fleeced of her $20 million by a smart lawyer and a scheming husband.

Poor, stupid Richard Whitney, who became the urbane president of the New York Stock Exchange during the Great Depression but who foolishly lost $6 million and went to jail after trying to steal his way out of debt.

Robinson's account of the spectacular losers is such good fun that its one glaring fault finally does not matter. The author's introduction promises that the reader might stumble on helpful lessons among his anecdotes.

There are no lessons, but who cares? Who wants to learn how to lose a million? □