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## Shares hit record highs on hopes of recovery

By Robert Winnett, Political Editor

STOCK markets around the world hit record highs yesterday amid growing confidence that the global economy may finally be on the path to recovery in the wake of the financial crisis.

The FTSE 100 index of Britain's biggest companies closed at 6,431 - its highest level for five years, before the height of the crisis. The American Dow Jones index hit an all-time record high of 14,286 before closing at 14,253.77.

The surge in share prices came after central banks indicated they would continue to hold interest rates at record lows - and would support the ongoing use of other methods to prop up economies. Company profits are also beginning to increase.

The Chinese government said that it was aiming for a 7.5 per cent growth rate in its economy this year.

Senior government sources believe that the British economy is now on "the road to recovery" - providing the Italian political crisis does not bring renewed concerns over the future of the euro.

The stock market typically forecasts the state of the economy about six months in the future - suggest-

6,431

Closing price for the FTSE 100 index of leading companies, its highest level since the financial crisis

ing that investors believe there will be strong economic growth in Britain by the autumn.

The FTSE 100 index yesterday rose by 86.32 points, or 1.4 per cent, to close at 6,431, the fourth increase in the past five days. It has now increased by almost 10 per cent since the beginning of the year.

Earlier this week, the American Federal Reserve suggested that its "aggressive" monetary policy would continue. Senior figures at the Bank of England have also begun openly discussing creative ways to push more money into the economy.

However, some experts believe that the recent rises in share prices - which have also seen soaring markets across Europe - may not be justified by the economic picture and that some investors are being overly optimistic.

Brenda Kelly, a market analyst at IC, a financial firm, said: "The wish of the bulls was finally realised today. The question now is whether or not, in the cold light of underlying fundamentals, this level of positivity can be sustained and what degree of profit-taking there will be."

George Osborne, the Chancellor, is finalising the forthcoming budget in which measures to help businesses and support economic growth are expected to form the centrepiece. Mr Osborne is under growing pressure from Conservative MPs to unveil sharp corporate tax cuts to help firms invest and grow.

Business: B1

## Did Duchess give away baby's sex?



It was the merest slip of the tongue, but the Duchess of Cambridge may have given away the sex of her baby during a visit to Grimsby yesterday.

After being given a teddy bear, the Duchess said: "Thank you, I'll take that for my d..." but stopped abruptly.

Sandra Cook, 67, who was in the crowd next to her said: "I said to her, 'You were going to say daughter weren't you?' and she said, 'No, we don't know'. I said, 'Oh I think you do',

to which she said, 'We're not telling!'". The comment by the Duchess, who is due to give birth in July, will be seized upon by royal watchers eager for any clue as to whether she is expecting a boy or a girl. Precedent dictates that the sex of royal babies is never announced in advance.

The Duchess said that her baby, which will be monarch whatever its sex, had been kicking "very much". She also joked that she might have to

wait a long time before she is queen. On only her third day of official engagements this year, the Duchess visited the National Fishing Heritage Centre in the Lincolnshire port, where she went on a walkabout among the 2,000-strong crowd who had waited up to six hours in freezing fog. The Duchess's pregnancy bump was covered by a favourite brown Hobbs coat and a Great Plains dress.

Gordon Rayner, Chief Reporter

## Desert Rats to lose their tanks under Army cuts

Famed 7th Armoured Brigade is to return from Germany and join a pool of infantry reserves

By James Kirkup  
Deputy Political Editor

THE Desert Rats, the Army's most celebrated tank unit, will be left without any tanks as a result of a shake-up of the Services brought about by the Coalition's austerity drive, it emerged last night.

The 7th Armoured Brigade will become part of a new infantry unit equipped with only wheeled reconnaissance vehicles when its headquarters returns from Germany over the next three years, the MoD said.

The move will end the armoured role of a tank force that won fame in north Africa during the Second World War, with victories in battles including El Alamein. Tank crews fighting under its distinctive black and red badge also fought with distinction against Iraqi forces in the first and second Gulf Wars.

Another celebrated unit, the 4th Mechanized Brigade, known as the Black Rats, will also lose its role as a tank force and become part of an infantry formation, it emerged.

Major General Patrick Cordingley, a former commander of the Desert Rats, said the change would dismay veterans and the general public.

"It is immensely sad that the 7th Armoured is losing its armour. Like the British public, I am extremely sad that they are losing their armoured role," he said.

"These are units whose history you would have thought might have spared them from this."

He added: "I know the other armoured units can also claim to have illustrious histories of their own, but somehow over the years the Desert Rats have become particularly important to the British public."

The change in roles for the tank units comes as the Army is cutting 20,000 posts and reorganising itself for future conflicts as part of deep cuts to the defence budget.

Ministers yesterday set out plans to bring thousands of soldiers home from Germany. As *The Daily Telegraph* disclosed last week, troops will return more quickly than previously thought - all but 4,000 will be back in Britain by the end of 2016.

Under a new "Army 2020" command structure, the 7th Armoured Brigade (HQ), currently based in Holne in Germany, will return to Britain to become part of the new 7th Infantry Brigade, based at Chilwell in Nottinghamshire.

The 7th Infantry Brigade will be part of the "Adaptable Force", a pool

of infantry forces held in reserve for potential operations.

The Ministry of Defence confirmed that this force would include wheeled reconnaissance vehicles like the Jackal patrol car, but no tanks or other tracked vehicles.

By contrast, the 1st, 12th and 20th armoured brigades will become part of the Army's new "Reaction Force", which will include tanks and heavy armoured vehicles.

The changes mean that while the Desert Rats insignia of the 7th Armoured Brigade will remain in use in the Army, it will no longer be worn by tank crews or commanders.

Defence sources said the change was part of the 2010 Strategic Defence and Security Review, which will reduce the number of heavy tanks and focus on lighter, more manoeuvrable forces.

An Army spokesman confirmed that the Desert Rats would lose their tank role as the Army evolved.

He said: "7 Brigade including their Desert Rat insignia will remain in the Army's order of battle as an adaptable force brigade based in

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## I was part of culture behind Mid Staffs scandal, admits NHS boss, but I won't quit

By Peter Dominiczak  
Political Correspondent

THE chief executive of the NHS has refused to resign despite admitting personal failures over the scandal at Stafford Hospital, where up to 1,200 patients died unnecessarily.

Sir David Nicholson conceded that he was "absolutely" part of the culture in the NHS

that led to the failings at Mid Staffs.

However, he resisted calls from campaigners and more than 40 MPs for him to resign, insisting that he was still the best person to lead the health service through its coming reforms.

Downing Street appeared to react chaotically following Sir David's appearance before the Commons health committee yesterday.

No 10 said that the Prime Minister continued to have "confidence" in Sir David, despite indicating that he had not even watched the evidence session. The Prime Minister's spokesman said: "Sir David

does a very good job and on that basis, that is why the [Prime Minister] has confidence in him."

Speculation was mounting last night that Sir David is now on borrowed time. A number of Cabinet ministers are privately angered that he is still in his post.

Conservative backbenchers reacted furiously to the Prime Minister's continued support, with one accusing him of being "on the side of the establishment, not the patient".

Sir David was in charge of the regional health authority for 10 months between 2005 and 2006, during the height of



gets thirsty

## Chavez, anti-American emblem, dies aged 58

By David Blair, Jon Swaine  
and Girish Gupta in Caracas

HUGO CHAVEZ, the self-styled socialist revolutionary who led Venezuela for more than 14 years and became a flamboyant emblem of anti-Americanism, has died, leaving his country in turmoil.

Mr Chavez, 58, succumbed to a "severe respiratory infection" at 9:25pm GMT last night after months of treatment for cancer.

"Our commander-president, Hugo Chavez, has died," Nicolas Maduro, his vice-president, announced in a televised statement, which emerged from a chaotic Caracas just

hours after two US diplomats were expelled, accused of working to "destabilise the government" and even causing Mr Chavez's cancer by poisoning.

It brought to an end the role of one of the world's most notorious radical statesmen, who after claiming a third election victory only last October, declared: "I will live!"

Power has passed to Mr Maduro, Mr Chavez's chosen successor, who faces a Socialist party leadership struggle. A general election must be held within 30 days.

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World News

# Venezuela in mourning as Chavez loses cancer battle

Death of charismatic Socialist leader at 58 leaves region facing an uncertain future

By **Girish Gupta** in Caracas, **Donna Bowater** in Rio de Janeiro and **Jon Swaine** in Washington

VENEZUELA was plunged into uncertainty last night as Hugo Chavez, the charismatic leader of the past 14 years, died after losing his two-year battle with cancer.

Nicolas Maduro, 50, the vice-president and Mr Chavez's chosen successor, claimed power in Caracas after announcing live on television: "Our commander-president, Hugo Chavez, is dead".

Mr Chavez, 58, who only returned to Venezuela last month after travelling to Cuba last year for treatment, succumbed to a "severe respiratory infection". His body will lie in state for three days before a funeral on Friday.

Within minutes of the announcement, the Venezuelan national flag was lowered to half mast in Caracas. Thousands of people streamed through the streets of the capital, holding banners proclaiming "Chavez is our leader" and "Chavismo will continue".

Conspiracy theories immediately began circulating, with Spanish media claiming that Mr Chavez died in Cuba on Tuesday after he was returned there on Friday when his condition worsened.

Doctors told the newspaper ABC that his body was returned to Caracas before the official announcement of his passing, with Mr Maduro engaging in distraction techniques on the world's media.

Mr Maduro, who faces a struggle for control of the ruling Socialist party, promptly received a letter of condolence from Venezuela's military, which he deployed to the streets after his announcement.

Wilmer Barrientos, the chief commander of the Venezuelan Armed Forces (FAN), told the state broadcaster there was a plan to patrol the country "to defend the Fatherland".

The vice-president, who must face a general election within 30 days, moved swiftly to replicate the anti-American rhetoric, with which his predecessor whipped poverty-stricken supporters into

a frenzy. Mr Maduro had claimed that he was expelling two American diplomats from Caracas, accusing them of working to "destabilise the government" by exploiting a power vacuum. Mr Maduro had earlier blamed Mr Chavez's deteriorating health on an "attack" by foreign enemies. He told Venezuelans he had no doubt that Mr Chavez's cancer, which was diagnosed in 2011, was the result of a poisoning by "enemies of our homeland". The US rejected the claim as "absurd".

Henrique Capriles Radonski, the country's opposition leader, cautiously advocated unity among Venezuelans, amid fears of disquiet. "My sympathy to all the family and supporters of President Hugo Chavez," he said in a statement.

Mr Chavez's daughter, Maria Gabriela Chavez, spoke of her sadness and urged her compatriots to extend his legacy of self-styled Socialist radicalism.

She wrote on Twitter, "Eternally, thanks! Strength! We should follow his example. We must continue to build the homeland! Farewell my daddy!".

In a carefully worded statement released by the White House, President Barack Obama last night said that "at this challenging time", the US "reaffirms its support for the Venezuelan people".

"The United States remains committed to policies that promote democratic principles, the rule of law, and respect for human rights," said Mr Obama.

Yet Mr Chavez's demise was welcomed by many leaders in Washington. Mike Rogers, the Republican chairman of the House intelligence committee, said: "I hope his death provides an opportunity for a new chapter in US-Venezuelan relations".

However, Jose Serrano, a Democrat from The Bronx, New York City's most impoverished borough, said Mr Chavez was a leader who "understood the needs of the poor".

William Hague, the Foreign Secretary, said he was "saddened" to learn of Mr Chavez's death. "As President of Venezuela for 14 years he has left a lasting impression on the country and more widely. I would like to offer my condolences

as "the devil". After endorsing Mr Obama in 2008, he later said the young Democratic president had been disappointing and merely extended US wrongdoing.

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Chavez at a 2008 rally, top, and the last picture, with his daughters last month. Right: supporters react to his death in Caracas

## Former bus driver who faces power's hard realities

By **David Blair**

WHEN Hugo Chavez failed to appear at an election rally last year, Nicolas Maduro surveyed the dejected crowd and exclaimed: "What a foul-up!"

These words, captured on a forgotten microphone, marked the only known occasion when Mr Maduro has strayed off-message. In every other respect, the former bus driver, who became vice-president of Venezuela last October, has built his entire career on loyalty and obedience to Chavez.

Indeed Mr Maduro, 50, can claim to be a prototype "Chavista". He was a devoted acolyte even before the "comandante" became president, first meeting Chavez in 1984 when the ex-paratrooper was released from prison after leading a failed coup against an unpopular but elected government. The first "Chavistas" formed a closely knit and passionate club; another similarly inspired activist, Clia Flores, became Mr Maduro's wife. After



Mr Maduro's 'Chavista' credentials date back to 1994, when he first met the 'comandante'

Chavez won the presidency in 1999, Mr Maduro joined the assembly that drafted a new constitution. He went on to become Speaker of the National Assembly before joining the cabinet as foreign minister in 2006. For the next six years, Mr Maduro was a loyal purveyor of "Chavismo" around the world. The "comandante" sought to build an anti-American front, consorting with leaders as unsavory and eccentric as Presidents Robert Mugabe of Zimbabwe and Mahmoud Ahmadinejad of Iran. Mr Maduro was the deferralist bag-carrier for his master's highly personal foreign policy. Chavez, who generally valued loyalty over ability among his followers, felt moved to hail him as a "complete revolutionary".

Mr Maduro's pedigree as a "Chavista" suggests that, were he to be elected, he will use his presidency to press on with the "Bolivarian Socialist Revolution". Some critics fear he could turn out to be more ideological, inflexible and intolerant of opposition than his late master.

Having been so closely identified with Chavez's anti-American tub-thumping, he is particularly unlikely to change Venezuela's foreign policy.

Yet Mr Maduro could also be moulded by the hard realities of power. "Maduro is untested and it's hard to know how these individuals will behave when they're actually in power," said Prof Victor Bulmer-Thomas, from the Institute of the Americas at University College London.

"If anyone tells you that they know how Maduro will behave as president, don't trust them."

Mr Chavez returned to Venezuela from Cuba last month, but this most outgoing of leaders had failed to make any public appearances, causing rumours of his demise to sweep Caracas. The president's health had been a closely-guarded secret, and the nature of his cancer had never been officially disclosed.

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## Passing will put to test his claim that Revolution does not rest on one man

**Analysis**  
**David Blair**  
Chief Foreign Correspondent

To preserve best of his legacy, successor will have to dismantle central planks of his rule

HUGO CHAVEZ was the foremost leader of Leftist politics across the region. When he picked his favoured successor three days after winning his final election, he resoundingly declared: "This revolution doesn't depend on one man".

With his passing, those words will now be put to the test. The red torch of Venezuela's "Revolution" will be handed to Nicolas Maduro, a 50-year-old former bus driver who became vice-president last October.

No one doubts that Mr Maduro, a loyal "Chavista", agrees with his deceased mentor on every substantive issue. Nonetheless, it remains a safe bet that some elements of the Revolution will die with Chavez.

In his last months, the late president liked to claim that Venezuela was governed by a collective leadership. Every citizen knew this to be absurd, for Chavez was the prime exemplar of one-man rule.

Until cancer dragged the strength from him, he would take almost every decision himself, working into the early hours, scrawling his signature on official documents.

Instead of consulting his ministers, he would issue quixotic orders as the fancy took him, sometimes on live television. In 2008, Chavez threatened to wage war on neighbouring Colombia during an episode of *Alo Presidente*, his weekly talk show. "Mr Defence Minister, move 10 battalions to the border with Colombia for me immediately," he declared, in the sure knowledge that his hapless underling would be watching. For good measure, Chavez added: "And deploy the air force".

The cabinet became so moribund that Chavez did not even trouble to attend its meetings, ensuring that nothing big happened save by order of the "comandante" himself. The resolutely unflamboyant Mr Maduro is unlikely to emulate this personalised method of government.

Yet the Revolution has deep institutional roots, said Prof Victor Bulmer-Thomas, from the Institute of the Americas at University College



Hugo Chavez as a young revolutionary. He won power in December 1998

London. Its ethos permeates the "army, the national oil company, the judicial system - sadly - and the Congress, not to mention at the grassroots level", he said. The late president was often more pragmatic than he appeared, perhaps more so than Mr Maduro.

"We on the outside shouldn't assume that Chavez was the most inflexible and ideological of the Chavistas," added Prof Bulmer-Thomas.

But key strands of the Revolution were running as of steam even in Chavez's lifetime. The essential, and entirely laudable, goal was to use Venezuela's oil wealth for the good of the poor, something which no previous president had seriously attempted.

The potential was immense, for Venezuela possessed the world's largest proven oil reserves in the world: 296 billion barrels, compared with Saudi Arabia's 265 billion, according to BP's World Energy Outlook.

Moreover, oil prices rose more than tenfold during Chavez's presidency, climbing from \$10 per barrel when he won power in December 1999 to peak at \$147 in July 2008. This delivered revenues of about \$980 billion to PDVSA, the state oil company.

Chavez was able to spend billions on bringing health care and education to the poor, building clinics in the slums of Caracas. But Mr Maduro will know

that this brand of economic management also rendered Venezuela more and more dependent on oil.

While most nations with similar natural wealth tried to diversify their economies, Chavez did the exact opposite. By 2011, oil accounted for 96 per cent of Venezuela's export earnings, compared with 80 per cent a decade earlier.

Meanwhile, Chavez toughened the terms for foreign energy companies, causing many to leave. The result was that oil production fell from 3.1 million barrels per day in 2001 to 2.7 million in 2011, representing a cumulative loss of tens of billions of dollars.

While betting Venezuela's future on oil, Chavez also placed his country on a path of steadily declining output.

Mr Maduro must try to reverse this disastrous combination; otherwise the social programmes that were Chavez's great achievement will eventually become unaffordable. And here lies the rub: reviving production would mean accepting the expertise of the foreign oil companies that Chavez so fiercely denounced.

To preserve the best of Chavez's legacy, his successor will have to dismantle central planks of the Revolution. As Mr Maduro grapples with that paradox, the era of one-man rule is almost certainly over.

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