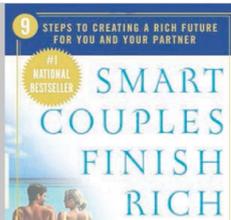


reading tip

'Smart Couples Finish Rich', by David Bach, focuses on the special financial needs of those in serious relationships, which are often different from those of singles. It highlights how to plan together, and points out common pitfalls



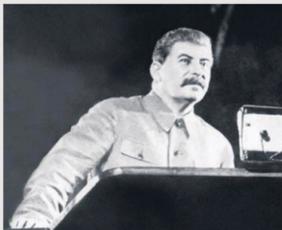
the financial web

Dropping boulders in a pond

When Max Weber singled out Calvinism as the origin of modernity, he was wrong to focus exclusively on the Protestant ethic, but right to uncover a collective moral commitment that stood behind market mechanisms. With the war of 1914-18, however, the careful, thrifty bourgeois gave way to the panicking, spendthrift bourgeois. Later, the rise of totalitarianisms black and red brought about the emergence of a bourgeoisie conscious of its own finitude.

Like the New Deal, the European idea of a socially regulated market economy was a response to the threat, represented by Hitler and Stalin, of the extinction of fundamental freedoms.

Then, with the collapse of Communism, a fourth evolution: the bourgeoisie for whom saying is doing. The Berlin Wall had fallen—long live the new, reconciled world! The new ethic left all fears and reproaches behind and embraced a postmodern credo claiming that all devils were dead. The market economy has always relativized goods, by revealing their exchangeability, and the Good, by tolerating its multiplicity. But our age is the first to proclaim the power to reduce risk to zero simply by spreading it around. It is the smiling reign of "positive thinking" — with ultimately disastrous effects.



City Journal
www.city-journal.org

Is prediction even possible?

One group of those involved in the present financial crisis has so far escaped notice — the economists. They are masters in the science of prediction, but as a group, if not to a man, they failed to predict a crisis that has wiped out nearly half the wealth invested in the stock market and elsewhere. The economists did no better than their unscientific rivals, the stock pickers, who are in the business of prediction.

Perhaps we need a second look not merely at the existing models by which economists predict but at the very idea of prediction as the goal of social science. Economists had been in the habit of asserting that they had come a long way since the Depression, that such an event could not happen again. Yet people are now actually speaking of another Depression as possible. Maybe we know how to avoid the Depression we had, but what about a new one with a new character we do not recognize? Isn't our present crisis new?

The Weekly Standard
www.weeklystandard.com

Taste when you chew

Dough, wonga, greenbacks, cash. Just words, you might say, but they carry an eerie psychological force. Chew them over for a few moments, and you will become a different person. Simply thinking about words associated with money seems to make us more self-reliant and less inclined to help others. And it gets weirder: just handling cash can take the sting out of social rejection and even diminish physical pain. This is all the stranger when you consider what money is supposed to be.

For economists, it is nothing more than a tool of exchange that makes economic life more efficient. Just as an axe allows us to chop down trees, money allows us to have markets that, traditional economists tell us, dispassionately set the price of anything from a loaf of bread to a painting by Picasso.

New Scientist
www.newscientist.com

the armchair investor

Fooled by Randomness
Nassim Nicholas Taleb
Random House, 2004
Dh64
★ ★ ★

Alongside the New York University professor Nouriel Roubini, who accurately predicted most of the trauma that has so far unfolded during the financial crisis, Nassim Nicholas Taleb has doubtless been one of the most fascinating figures to rise to prominence during these past few years. Strange, then, that they're such odd bedfellows — Roubini got plaudits for making good forecasts, while Mr Taleb became famous for criticizing people who think they're good at forecasting.

That's the central thesis of *Fooled by Randomness*, Mr Taleb's first book. It's pretty simple, really. We're human, we're flawed, and we have a lot of hidden biases and cognitive short cuts that send us down illogical paths, preventing us from making sound predictions or reacting intelligently to changes in our environment. In this uncertain age, it's a message that bears repeating, and Mr Taleb does so in a devilishly entertaining way, savaging statisticians, mathematicians, traders, journalists and other pretenders to the throne of truth.

Mr Taleb calls himself a "sceptical empiricist", which means he distrusts most things (including himself). It's a refreshingly candid I-don't-really-know approach, given the purported certainty that springs daily from well-dressed, smart-enough-looking pundits on TV and polished op-ed writers loath to admit that, well, the future is probably full of surprises we can't even guess at.

The only real flaw in Mr Taleb's work lies in the fact that there isn't all that much original content in it. For the most part, the author relies on his wide reading in behavioural economics, psychology and philosophy to stand up his arguments. Yes, he has opinions. He has an approach to randomness. He also has a unique perspective on it, as someone who attempts to make money by placing bets on the mispricing of risk, at least when it comes to rare events. Distilled to the basic framework of ideas, however, another person of similar erudition could have written a similar book.

In the end, though, that doesn't subtract too much from *Fooled by Randomness*. It's a fine read, even if Mr Taleb's later book *The Black Swan* makes a longer and even better analysis using the same fundamental ideas.

★ Asa Fitch

how I did it Felipe Scherson



Felipe Scherson's talent agency has more than 200 locally based artists on its books and hundreds more internationally. Courtesy Felipe Scherson

A spell of success

Working for tips, magician Felipe Scherson made it big after performing at hotels around the world. Now he represents artists through his own talent agency. **Inga Stevens reports**

Felipe Scherson's villa in Jumeirah is magical. The garden — filled with colourful bougainvillea plants and gushing fountains — is a miniature tropical paradise.

Ducks, geese and chickens noisily inhabit one corner of the yard while turtles bask in the sunshine in another. Born and raised in Santiago, Chile, the journey that brought this 32-year-old to the Arabian Gulf is a tale of perseverance and true passion for his art — magic.

The transition from a mechanical engineering graduate to a renowned magician began during a holiday in Costa Rica in 2000. "At that point magic was still only a hobby, but from the moment I made the decision to put my career as an engineer on hold and extend my holiday in Costa Rica, the magic took over," he explains.

"I got a job as a bartender at a hotel and I used magic to entertain the customers for tips, and I earned up to Dh360 a night." The hotel management spotted him, and three weeks later Scherson was earning up to 250 per cent more working as a full-time magician.

"After three months in Costa Rica, my wife and I moved on to Cancun, a tourist hot spot in Mexico. The concept of close-up magic was not widely understood at that time and I needed to learn how to sell myself as an artist and entertainer," he says. Unable to secure regular employment, Scherson was forced to support himself with tips, but making up to Dh11,000 (US\$2,990) a month, he told himself that "if this was rock bottom and I was still surviving, I knew that I'd be doing this for the rest of my life."

Scherson is an illusionist, and he performs through the medium of sleight of hand. In an intimate setting, usually no more than three metres from the people around him, Scherson interacts closely with his audience. Unlike with stage magic where impressive props and expensive lighting is essential, he uses sleight-of-hand manipulations and the art of misdirection to wow his audience. "Because of the nature of my craft, I needed very little start-up capital to become a good performer," he explains. "Everything I earned went straight to my pocket and the savings started adding up."

In 2002, Scherson moved to Las Vegas where he spent a year honing his craft. "To make the transition from an amateur to a professional I needed to train at the best 'school of magic' and it doesn't get better

than Las Vegas," he says. "I spent US\$5,000 setting up home, buying a car and general living expenses." He soon began to invest heavily in the management and promotion of his skills.

"A promotional CD cost \$400 to produce and he set up a professional website for close to US\$600. "I also put together a portfolio of recommendation letters and invested in some professional business cards. A simple yet effective way to get my face noticed."

During their travels in early 2005 to India, the Schersons met a French millionaire who convinced them that Dubai would be receptive to his talent. "The UAE's convenient geographical location and booming corporate world would open many doors for my career," he says. "We arrived in the summer of 2005 and after a slow start; I soon started a regular job performing at the Sheraton Hotel in Dubai."

By 2006, he was also snapped up by Madinat Jumeirah and the Millennium Airport Hotel which meant working three nights a week leaving him plenty of free time to venture into the world of corporate events. "International job offers started flooding in and I now have regular bookings in Kazakhstan, Kyrgyzstan, Kenya and Morocco to name a few. I even had the chance to perform for the Kazakhstan president — a memorable experience."

By 2006, he noticed a huge gap in the UAE market. "My clients would ask if I could arrange for a singer or a dancer to perform at their event, and realising that there was no-one else out here to do it, I knew I had to take this idea seriously," he ex-

plains. In 2006, Scherson and his wife, Paula, set up 4freelancers, a Dubai based talent agency and entertainment consultancy. It has more than 200 Gulf artists on its books along with access to hundreds of international artists who they schedule for performances all over the world.

"Our list of talent encompasses other magicians, solo musicians, bands, actors, acrobats and numerous other talented artists," Scherson says. "They charge from Dh2000 to anything up to Dh1 million per performance, depending on their artistic skill and performance value. We also provide a consulting service for our clients which involves brainstorming entertainment ideas for their event."

As the owner of the company, he has ultimate say over the major business decisions but leaves much of the operational side to his wife, who is the general manager.

The Schersons used the professional services of the One Stop Business Centre to handle the start-up process.

For around Dh10,000 they took care of all the necessary paperwork and legal issues," he explains. "We paid an additional Dh20,000 as a deposit for my owner's visa, issued by the Labour Department which is returned to us should we decide to close the business."

Each residence visa for their four employees at 4freelancer cost about Dh6,000 and the rent for their office in the Al Quoz industrial area is Dh100,000 a year.

"Having a small office in an inexpensive area keeps our operational costs to a minimum, allowing us to concentrate on business devel-

opment instead," says Scherson. "Our revenue is generated from a small mark up on the artist's fees. "In this treacherous economic climate, uninterrupted cash flow is extremely important and small companies like us are at enormous risk of going under if [payment] is disrupted."

As a business owner and a fellow artist, Scherson makes it his policy to protect the interests of the performers on his books and ensures that "the artist gets paid 50 per cent of their fee at the time of booking and the remaining 50 per cent the day before the performance".

He doesn't believe in borrowing money, be it a business loan or on a personal credit card.

"The financial risk is too high and I would much rather see my business grow as a natural progression rather than as a result of an injection of someone else's cash," he says. It took 4freelancers one year to break even and start earning a profit.

For a service-based business, marketing is an important aspect of the development. "I feel that marketing should be personal rather than aimed at the masses as a good personal reputation will go much further than an expensive ad campaign," Scherson says. 4freelancers prefers to contact target groups through mailing lists and works closely with events management agencies to secure bookings.

As a magician, Scherson believes his career will continue to progress rapidly over the next few years. "With the help of my book, *From Amateur to Pro*, which comes out in 2010, I hope that my career will continue to flourish."

The couple also hope to move their office to a more prominent location in the Media City later this year.

"It's not really my nature to plan too far ahead into the future but I do hope that some day my company will be an attractive investment for someone and that I will be in a position to put it up for sale," he explains. "I am also currently working on setting up two more web-based companies which should open up an entirely new direction."

With his first baby due in July this year and a successful business providing a creative outlet, life is looking good. While we can't predict what the next few years will bring for the Scherson family, one thing is certain — they will continue to live out their lives the only way they know how, with a touch of magic.



Scherson performs magic tricks for the Kenyan rugby team at the Dubai Rugby Sevens tournament in 2008. Courtesy Felipe Scherson