

Letter to the Editor

The Letters Editor.

Credit and Other Cuts.

I have yet to see a leader of any nation make a sensible proclamation about his nation's or the world's economic state of affairs.

They all want to see the credit boom extended. The fact of the matter is, credit has been extended that has not been backed by any accompanying value. Banks have loaned money they do not have.

The collapse is an impersonal natural state of economic affairs that will impartially liquidate all malinvestments until a state of equilibrium is reached. That is, where finally genuine market opportunities can be impartially sustained by market activity.

I noticed Frank Lowy said this morning (12.10.08): "The world has been living beyond its means." Frank would be a pretty good judge. And a much better judge than the local Prime Minister of the World, and illustrious Liberal leader, Malcolm Turnbull, both of whom have lived off, and advocate ever continuing credit expansion.

All of this reminds me of a stallion that has been desexed. When a mare goes past his paddock, he still canters up and down the fence whinnying, announcing his intentions.

The US, the UK, European and Australian and many many other nation's Treasurers are galloping up and down the fence, making a lot of noise, with the idea in their head that they are still "entire". But they are not.

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