

3rd April 2009

Just \$1trillion required!

That's all!!!

Stood in Tesco avoiding shopping and killing some time at the newsstand it was 'interesting' to see the front page of the Sun on Friday. The Sun of course has something of a reputation for shocking front page stories but the image of Gordon Brown in the guise of Doctor Evil, with horizontal little figure and making a claim 'Just \$1 trillion to save the world', was one of the most grotesque I've come across for some time.

I have to claim limited knowledge of the finer economic theories. But pumping mass liquidity and credit into the system (aka \$1 trillion) does seem to be an odd way to resolve a major systemic crisis caused by having too much liquidity and credit in the system in the first place. Maybe we have all become credit junkies and this is our latest fix?

I took Management Sciences at University and managed to achieve a First grade in my second year Macroeconomics. When asking the tutor how this was possible (I struggled with the material through the year) she asked me whether I understood the fundamental economic principles we had been studying. I said no, of course, and she said 'well there's your answer, anyone who thinks they understand how the economic system works is deluded, whereas those that doubt and question have a better chance of getting to grips with the problem'.

OK not the answer I was looking for but it seemed to 'make sense'. And then there was Roosevelt who on assuming office in the midst of the 1933 Great Depression asked for opinions on the economy from an economic advisor. The advisor replied 'on the one hand this is the position, but on the other hand that is the position'. Roosevelt apparently cried out for a 'one-handed economist' to help him through the troubles.

The reality is we always see to react to crises, human nature is such that to ponder and consider what could go wrong is so 'anti-progress' and anyone who does is barked at and considered to be weak. Not so....

They say the darkest period in the night is just before the dawn and that when you have reached the summit the only way thereafter is down. Right now we have to trust that dawn is on the way and that the sunlight will help us track the smoothest way down.

As a provider of Risk Management and Business Continuity training and support, we have recently noticed a significant increase in interest for our services amongst professional firms. If we can help embed an increasingly risk aware approach to business management then all to the good, because then organisations will position themselves more effectively for good and bad 'economic times'.

3.4.09