

# Thrift Matters

January 3, 2009

Another brief visit to the United States gives me to think that a large part of the population, while concerned about the financial and economic state of their nation, are going about their business as though there is nothing too much to worry about. Perhaps there is not much else they can do. Perhaps it is only human to go on “eating and drinking, marrying and giving in marriage,” until the catastrophe hits (cf. Mt. XXIV, 38).

However, my own best understanding, from the commentators who make the most sense to me, is that a major catastrophe is on its way, which will go way beyond mere finance and economics. The best commentators see what stands to reason, namely that if the problem is deep and human, its roots are moral and, ultimately, religious. Let us back up with one commentator from today's effects to yesterday's causes (within the USA):—

Regulators and financial institutions “woke up too late” to the collapse of a pyramid of debt, partly because in its last stage it had been too profitable to them. In this last stage “liar loans” in the form of SIVs (Structured Investment Vehicles) had been invented to deal with borrowers on housing not repaying their debts. SIVs did this by packaging good mortgages with bad, and selling the packages as “investments” to gullible investors who did not do their homework. Everything seemed good until housing values fell, as they were bound inevitably to do. Then borrowers repudiated their debts, confidence cratered, investors and huge financial institutions were bankrupted, from the USA outwards to much of the rest of the world.

And why had housing in particular brought down the house of cards? Because housing, second most important part of the whole US economy, had become an investment as well as a home,

and collateral for house “owners” to take out still further loans. Moreover since the 1970s, the US government had been subsidizing mortgages for people normally unfit to borrow (but who vote!), and it had been bullying lenders to make loans according to “equality” and not according to their better judgment.

Further back still, the government had set households the example (taught by the Englander John Maynard Keynes – “Tomorrow we are all dead anyway”) of living beyond one’s means, as though endless borrowing could ensure an endless increase of prosperity. Financial responsibility was made to seem a thing of the past. Such reckless behaviour on the part of the government had been greatly facilitated by the disastrous founding in 1913 of the private bankers’ Federal Reserve, enabling the government, amongst other things, to rob the mass of citizens without their realizing it, by means of inflation – five cents then bought what only a dollar can buy now.

But let us make no mistake – broadly speaking, citizens have from God the governments they deserve, especially when they are convinced that their government is “democratic.”

Kyrie eleison.