

How We Got into This Mess: A Response
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I partially agree with Mr Beck's commentary on CNN.com that people and banks allowed the blotted investments to continue without restraint or mitigation of failures. Although, he is unwilling to point out who guided the car into the wall. I, however, completely agree with this blogger's assessment (that is in response to Beck's commentary).

“When will the Conservatives figure out that an ounce of prevention is worth a pound of cure? I am a true Fiscal Conservative (you remember us - balanced budgets, slow but steady growth, stable liquidity markets - we existed before greed was good). A small amount of well enforced regulation - which has been eschewed in recent years in favor of the neo-cons' reckless, laissez-faire capital markets concept - is absolutely necessary to maintain well functioning capital markets. The result of turning a blind eye to the rules that were already on the books? Massive corporate bailouts. A real Fiscal Conservative abhors corporate welfare and I am disgusted that we have to eat this now. Nice work neo-cons - now I believe that my money will be in better hands in a Democratic administration - wow.... “

Mike ..blogged on CNN.com In Re: Beck, Glen. (18 Sep 2008) Commentary: How we got into this money mess. CNN.com. Retrieved on 18 Sep 2008 from
<http://www.cnn.com/2008/POLITICS/09/17/beck.wallstreet/index.html>

As a fiscal conservative here, I have found the latest rounds of efforts by the government and Fed repulsive and frankly scary. The actions here are putting the foundation of our government and our country at risk to the markets. The inflation of prices for the past years has finally been revealed of the paper worth they were based rather than actual market costs.

The thing is that we have seen this before in the late 1920s and 1930s. We are not hedging a recession as much as a real depression. The storm is coming and Hurricane Finance is going to be painful for the whole world. The complicated instruments developed by the banks and investment firms have rippled through the country and global markets. 1920s laissez faire economics and loose capital markets allowed for greed to rule the markets and put America and the world into a financial collapse. This is what is happening today.

As an MBA, I have come to respect market pressures and business cycles, but this is no cycle. Further, this is a crisis that may not be avoided by more bailouts. In fact, I would argue that the growing bailouts puts the whole Treasury (including Social Security and Medicare) at risk since they now backing these risky (and sometimes worthless) financial instruments.

Even more, there is a definite priority list being issued here where big money is getting action while middle class America shrinks in numbers and capability. This all started with deregulation in the 1980s. We could not have just steady Warren Buffet-type growth and be financial secure in 10 or 20 years, but instead, we wanted to be rich tomorrow and live rich today. Buy and hold strategies gave way to reckless options. The S & L crisis was a warning that was dismissed by the technology bubble of the 1990s. As long as the money was flowing, no one was asking the silly question of where the money originated. Few were doing due diligence checks against the claims, but rather most were blindly accepting the position there was money to be made out of nothing.

Simply, this is among one of the reasons that greed is one of the seven deadly sins.

A Chinese Taoist axiom holds here, "when the blind lead the blind, they both fall into the water."

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