

Depression is the Healing Process

The bubble, that is the boom, is in fact, the consequence of governments manipulating the interest rate, encouraging entrepreneurs to conduct businesses, which at free market generated interest rates, would not be profitable.

The highly important point for politicians and others to grasp is that the depression is far from being an evil scourge. It is the necessary healing process, it is the recovery process.

If politicians do not interfere, this process will allow people to adjust relatively quickly from the distortions imposed by the boom, to reality. That is, to conditions which the available capital and market will support.

Now, as the bubble has burst, all around the world politicians are trying to re-inflate the bubble, to continue the boom. In their ignorance, disguised as "compassion", they seek to extend the unrealistic boom.

The result will be more and greater waste of real resources. Continued expansion of credit must end in a Mugabe-like shambles that exists in Zimbabwe today. Social unrest will follow.

An effective opposition would properly inform the public. But they too, in their abysmal ignorance, are suggesting that the Rudd government is not doing enough, soon enough.

In both State and Federal politics it would be great to have an opposition to vote for.

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