

ated on the other side of the Atlantic, Gordon Brown, as the Chancellor of the Exchequer, and then later as Prime Minister of the United Kingdom, had an opportunity to "decouple" itself from the bad habits of its partner in crime. Instead, Brown presided over a decade of the same kind of indulgence and fiscal irresponsibility that felled the US to its knees. For example, on top of the 5 billion pounds that he has been taking out of British pension funds since his first budget in 1997, he has also been removing Duty Stamps around the region of 6 billion pounds from the housing market. The result? Excess borrowing without any real rise in incomes to finance the loans. Sounds a familiar tale? Not to Mr. Brown it doesn't.

Central Banks in the UK and the USA: Bankers may come and go, but banks, as an institution should have consistent principles. Or rather, consistent judicious principles. Take the US central Bank for example. Since 9/11, interest rates have been cut twelve times. The Central Bank of England has followed suite by cutting interest rates around eight times in the last seven years. To be fair, the Banks themselves have been under tremendous pressure from the leaders of their respective countries to fuel spending. But as institutions of financial prudence, they have failed miserably. Many now observe that the only way forward for these banks is to have a more central role and be a clearing bank of sorts, rather than an engine of economic fine-tuning. But since paradigm shifts are not in the air due to the more "mundane" problems of fending of a huge financial crisis and actually trying to stop foreclosures, expect the Banks to be more of a problem than a solution in the foreseeable future.

President George W Bush: One thing that any Leader of the Free World cannot do is pass the buck when the going gets tough: sure the President had his share of poor counsellors, and sure there were financial whirlwinds that were somewhat beyond his control. But each and every decision that he made had to have his seal of approval, and when you're leading the most powerful nation in the world, you just don't get swept away by the tide, you create your own force of nature. Incidentally, President Bush started on the right foot by lowering interest rates to boost consumer-spending right after 9/11. But then on, things became awry. He went on a spree to inculcate house buying as an American birthright, never once realising that the housing market, just like the dotcom industry in the 90s, was sitting on a bubble that was about to explode. Instead, President Bush encouraged Middle America to go out and buy houses they could not afford, and without the credit instruments that would have made them more affordable in the long run. And when the bubble did burst, the man with the MBA from Harvard did the most cowardly thing: he just looked the other way and assigned others to take the rap.

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Heading the top of the culpability list is no one else but YOU! Or, to be more precise, consumers from all over the world. Although this list is about individuals, the number one scapegoat is a culture of blind consumerism that we are all a part of. Fat cat bankers and risk loving hedge fund owners may have all made the problem worse, but it is people like you and me who started the problem by clamouring for houses we could not afford and taking out loans that we could not pay off. We have created a generation based on instant gratification, one that is used to having the latest gadgets, gas guzzling SUVs and the flattest flat screens. And we have all mortgaged our futures for pseudo benefits in the present. It's high time we go back the adage that our ancestors lived by: a penny saved is a penny earned, and thrift is a virtue in and of itself. ■