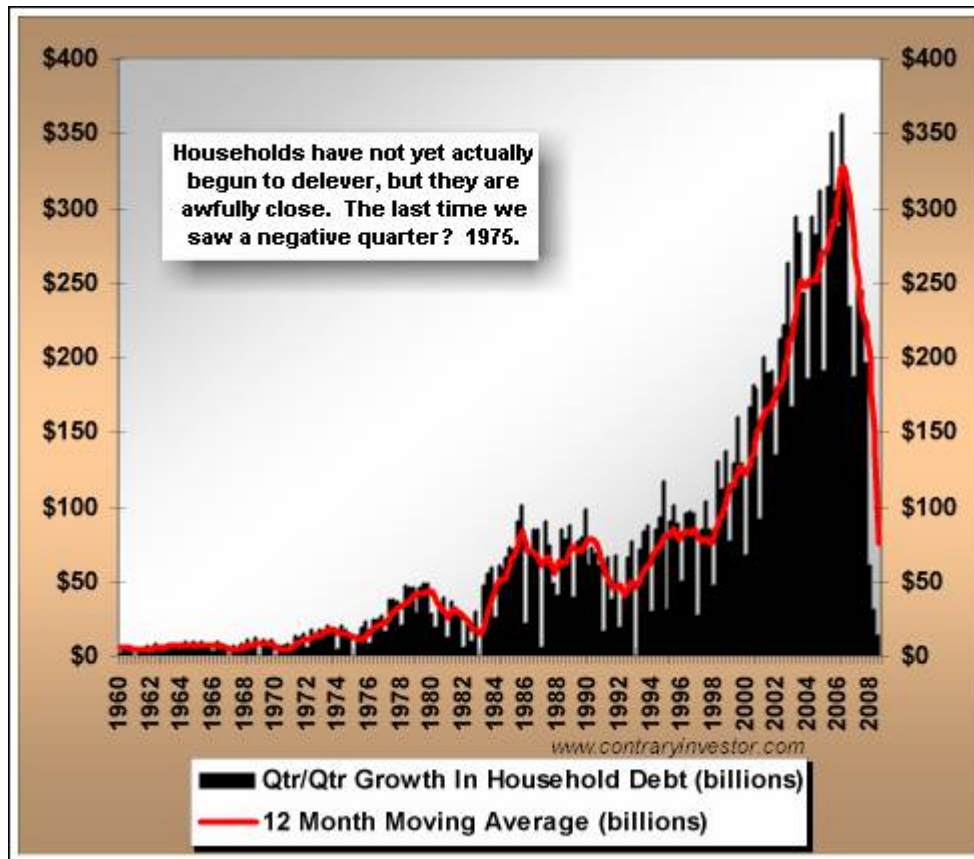


BOTH BAD AND GOOD NEWS WEB BUZZ 2009.01.20

The chart below reflects what 70% of the economy (really only 35%, but that's another story) is doing about its debt, which needs to be reduced. Why both bad and good? It's bad because this reflects the state of the economy (recession); however, it's good, as savings must be replaced before growth can resume.



Adapted from FinancialSense.com

There is just no other way this economy can recover. Taking on more debt in any fashion by any sector will not cure this seriously savings-starved economy. Growth comes only from investment and investment comes only from savings augmented by the *responsible use of debt*. Debt alone, which is what we have substituted for equity (savings) over the last fifteen years, leads ultimately to economic destruction—hello!