

# **A LOOK AT WHAT AILS US**

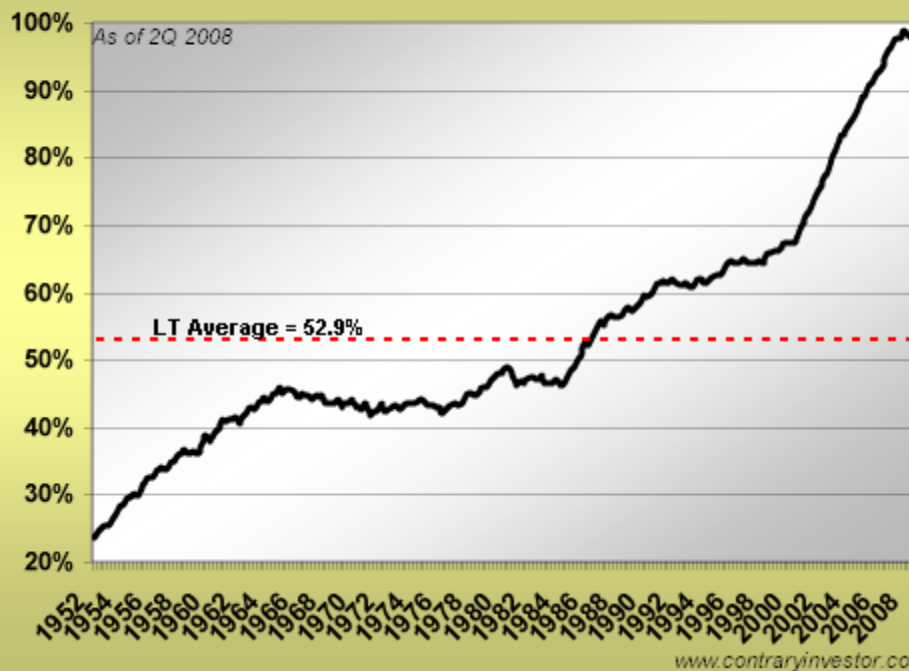
## **WEB BUZZ 2008.09.29**

**The charts at the bottom of this Web Buzz depict the level of debt in the economy by sectors. As we all know, debt—too much of it—is the economy’s Achilles heel. If the facts be known, what we thought were debt securities over the last fifteen years turned out to be common stock—common stock in the sense that it had no maturity value—in fact, had no value whatsoever. What Michael Millikan started in the 1980s (junk debt) has hit an all-time high this year.**

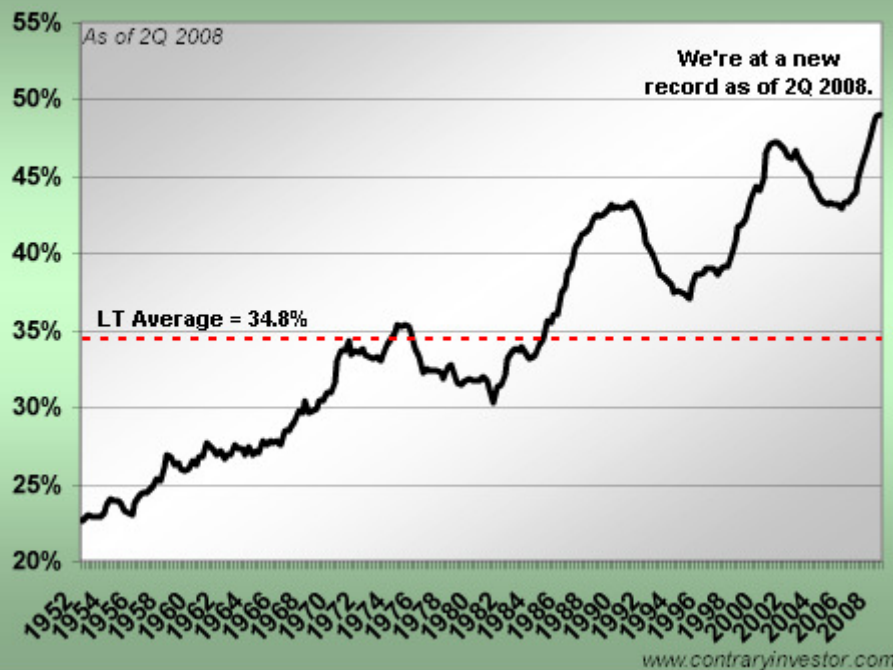
**The levels reached are unbelievable. What in the world were the buyers and sellers thinking when they allowed such levels to occur? What happened to conservatism? What happened to the prudent man rule? And now these same people want bailed out—is that the way the free enterprise system is supposed to work?**

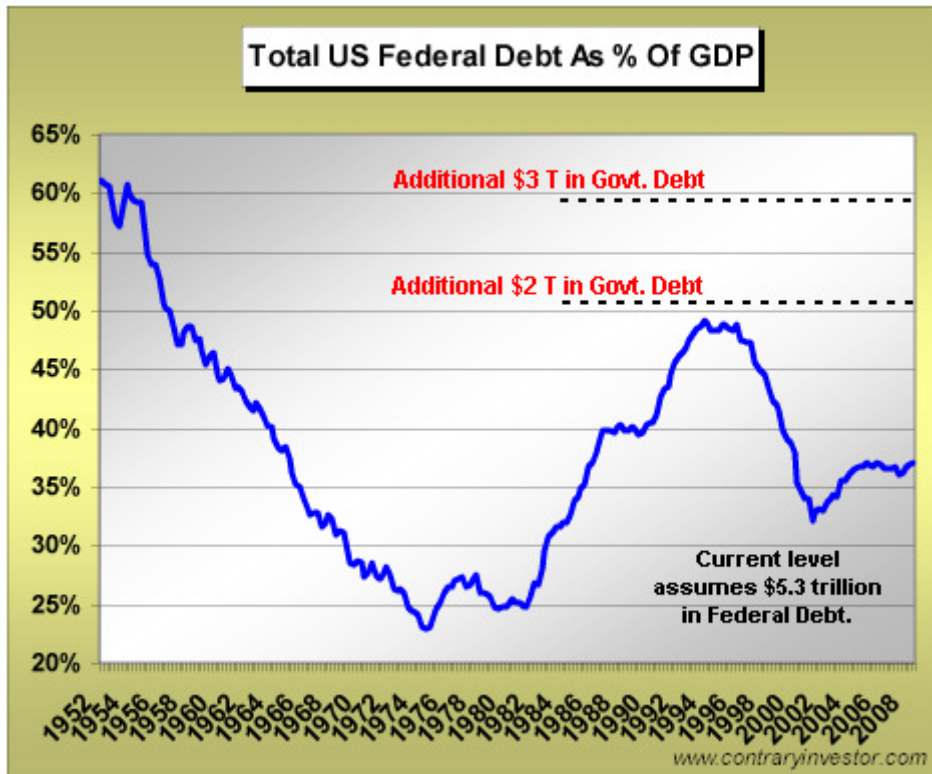
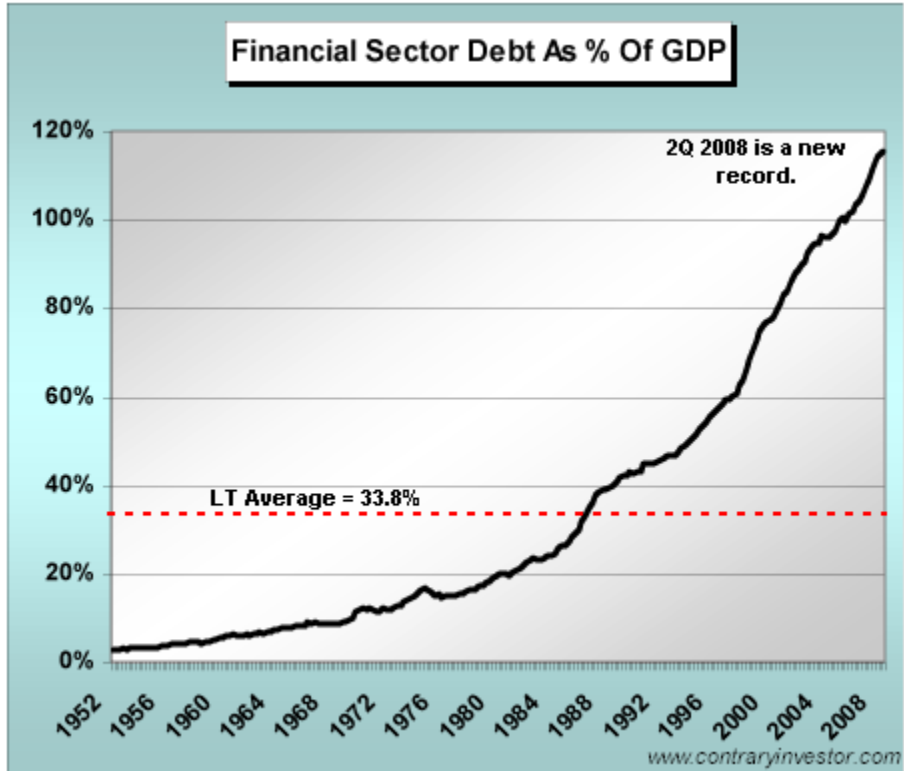
**What is taking place now, and will be reported to you in next week’s Web Buzz, is deleveraging: the percent year-over-year change in the growth of debt—it is declining almost everywhere.**

### Household Debt As % Of GDP



### Non-Financial Corporate Debt As % Of GDP





Adapted from ContraryInvestor.com