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Jimmy Carter's 1979 rallying call as relevant as ever 14 August 2011

What crazy times we live in. In a matter of weeks, many months of gains have unravelled as share markets became gripped by fear. The intensity and seeming randomness of market falls were hard to fathom. The US market did not fall in response to a major announcement or economic development. Rather, it was as if investors woke up on August 4, 2011 and decided they no longer had confidence in the future. They started selling out of risky assets, and then others joined in, and before long we had a crisis of confidence.

US President Jimmy Carter gave a speech in 1979 about the country's crisis of confidence. He was scheduled to speak about the energy crisis, but in asking people what was troubling them, he realised their concerns were much bigger than petrol prices and energy supply. He therefore changed his speech, and his words are just as relevant today as they were 32 years ago.

"I want to speak to you tonight about a subject even more serious than energy or inflation. I want to talk to you right now about a fundamental threat to American democracy. It is a crisis of confidence. We can see this crisis in the growing doubt about the meaning of our own lives and in the loss of a unity of purpose for our nation.

The erosion of our confidence in the future is threatening to destroy the social and the political fabric of America. We've always believed in something called progress. We've always had a faith that the days of our children would be better than our own.

Our people are losing that faith. The gap between our citizens and our Government has never been so wide.

The people are looking for honest answers, not easy answers; clear leadership, not false claims and evasiveness and politics as usual.

What can we do?

First of all, we must face the truth, and then we can change our course. We simply must have faith in each other, faith in our ability to govern ourselves, and faith in the future of this nation. Little by little we can and we must rebuild our confidence. We can spend until we empty our treasuries, but we can succeed only if we tap our greatest resources—America's people, America's values, and America's confidence."

President Obama would do well to listen to Carter's speech, and actually Jean-Claude Trichet, head of the European Central Bank, could learn a thing or two as well.



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Much of the markets' turmoil can be explained by political game-playing and a reluctance of US and European politicians and bankers to acknowledge that the economic problems they face will not be sorted quickly, but they must be sorted.

The good thing about a crisis of confidence is that emotions are easier to turn around than say petrol prices in an energy crisis or lending policies in a credit crisis.

Hopefully the politicians can strike the right balance between soothing words and actions – it worked for Jimmy Carter!