

was to fund the replacement of his \$US50 million Gulfstream. One commentator asked if he was ignorant or apathetic. Neither came the reply, he just doesn't know and doesn't care!

"We have to wish Obama well as the recovery of the world's economies depend on his success but the sobering measure is that implementation of the stimulus package will raise the US National Debt to \$US11.3 trillion and the budget deficit to 14% of GDP. The US used to be able to talk its way out of recession, or at least grow out of it. To grow out of this will require double digit growth for 75 years! This is a perilous situation."

Proceeding to prospects for global economic recovery, Sir William cited "Clinton's famous epithet, 'It's the economy, stupid'. It always is of course, but never more so than now when we find ourselves in the worst global recession since 1929. The London Summit this summer will be looking for global agreement on means of avoiding a repeat of the consequences of 1929, i.e. the Great Depression.

The London Summit must succeed in getting agreement on global regulation and supervision to prevent the current crisis recurring. There may be more difficulty persuading the US and France than the newer members of the G20. Remembering of course George Bernard Shaw's comment that 'if economists were laid end to end they would not reach a conclusion'.

Reflecting on Saudi Economy, Sir William commented, "In February 2008 the Saudi economy looked strong. There was a budget surplus of £24 billion and barely any debt. The world was enjoying steady economic growth, double-digit in India and China. There were



whispers of 'sub-prime' problems in the US but no-one really knew what this meant. In the UK householders were still enjoying the seemingly inexorable rise in property values. Well that didn't last. Northern Rock shocked the UK financial sector to its roots and the collapse of Lehman Brothers served the same purpose in the US. The Chancellor made the right decision on Northern Rock and the Treasury Secretary the wrong decision on Lehman's. If any one issue signalled the seriousness of the situation to the Saudis it was the failure of the US to support Lehman's.

"If anyone had doubted that the tremors in the banking sector were of less than cataclysmic proportions, these doubts faded with the unprecedented rise in oil prices which changed almost overnight the way that the world would now do business. In March Saudi Arabia's main concern had been domestic inflation which peaked at 9.5%.

