

KENT MESSENGER

Credit crunch

23.10.08

For some time a few people have been saying that the level of consumer debt has become totally out of proportion to the ratio of earnings and this was unsustainable. But as long as the consumer could afford to 'repay' that debt they felt they were OK. However, with rising energy, fuel and food costs, together with rising mortgage costs, they are now struggling to repay that debt and, in some cases, feed their families.

This country's consumer debt is far worse than America's and there is no collateral to underwrite the £280 billion of extra debt which has been taken out by recent governments.

Globalisation and EU treaties flooded the UK with low cost and hard working labour and goods - therefore the former red light indicator of inflation was driven artificially low, and failed to act as a warning light. The Bank of England, who now control interest rates, is no indicator as again, inflation was formerly linked into interest rates.

I do hope that people in Gravesham are not suffering too much. But please, if you are getting into difficulties the worst thing you can do is put your head in the sand. Seek help - the Citizens Advice Bureau, your bank or your mortgage company. Or get in touch with me and I will try and point you in the right direction.