

## **Tinkerbell**

*First published in June 2011*

As many of you might recall, Tinkerbell is the fairy in the play Peter Pan, who lies dying from poison taken in error. The audience is told, "If you shout 'I believe!' really loud, Tinkerbell will live". Well of course, the children, whose eyes are misty with tears, shout at the top of their lungs 'I believe!', half of them standing up whilst they do it for added emphasis.

So cute! We as parents, love the delusion, (think Santa Claus and the Easter Bunny) that wishful thinking creates and we shout "I believe!" as well, completing the charade.

Escapism is such fun when it is entertainment and so devastating when it is reality.

Governments, the parents in the world theatre, encourage us to shout 'I believe', that all is OK, that:

- Money is a safe store of value.
- Governments have self-regulating mechanisms and they will stop themselves overspending even in the absence of any incentive to do so.
- The economy is back on a sound footing, in spite of massive over-leverage at every level of the economy that has to be unwound sometime or made irrelevant by inflation.

Because homeostasis (the desire to keep things the same in spite of overwhelming evidence) is endemic we, the children, believe. The inevitable bubble bursting is normally the result of an event, be it the little boy in the "Emperor's New Clothes" or a financial crash or some other "butterfly's wing", when reality reasserts itself.

We may be close to this tipping point. The delusion is becoming unbearable and unpalatable.

The problem is that we lack clear or simple "paths of action" so inaction becomes the default. Do we take all our wealth "off-grid" and risk being called a survivalist and crack-pot at least for the short to medium term? Do we keep belief in the paper system but only in that paper which is backed by real assets e.g. Rio Tinto. Do we go to cash, believing that cash is king and deflation is inevitable or do we gear up with debt and buy inflation assets believing hyper-inflation is inevitable?

We believe that the only certainty in this environment is the volatility that is bound to ensue once the delusion is broken and Tinkerbell slumps, taking her last breath, in spite of the roof-splitting "I believe!".

And our parents will tell us in the car on the way home that it is not their fault but ours – we just didn't believe enough.

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