

MARKET FUN

The world markets have responded to Bush's plan to put the country further into debt to put \$800 of spending money into each American taxpayer's pocket in much the same way they responded to 9/11.

Stocks across Asia took precipitous falls Tuesday for the second day in a row, reflecting fears that a weak U.S. economy could derail growth worldwide.

The drops were even more severe than those on Monday and several markets hit multiyear lows. Indian shares plunged so quickly – nearly 11 percent – that its stock markets halted trading soon after opening. In South Korea, volatile futures prices prompted the main Kospi market to briefly suspend program selling orders at midday. The Australian market suffered its worst one-day fall ever, while Japan's Nikkei fell to its lowest since 2005.

Globally, the sell off has involved some of the worst market declines since Sept. 11, 2001 and has erased more than \$5 trillion from stock markets this year.

Granted, much of this panic was also caused by the news that the insurers that are supposed to be insuring nice stable municipal bonds but instead are insuring the Shitpile can't really insure the Shitpile.

But I can't help but think of what this panic is going to do for our efforts to get a bunch of foreign investors to bail out our over-exposed financial system. More and more foreign banks are having to write off their chunk of the Shitpile. That can't really be a selling point for them to buy more of it. And meanwhile, when Bush went to Saudi Arabia and asked, as politely as Barbara taught him how, that they please forgo oil revenues so the poor American consumer

can continue to drive her SUV, Saudi Arabia, just as politely, told us to fuck off.

The Saudis may give Bush little comfort: Saudi Oil Minister Ali al-Naimi said in Riyadh that more crude would be pumped only "when the market justifies it." The minister noted that economies are still growing with oil higher than \$90 a barrel and said his country wants to avoid "cycles of volatility."

Saudi Arabia supplies the U.S. with about 1.4 million barrels of crude oil a day, one-seventh of U.S. imports and second only to Canada's 1.9 million barrels. Saudi clout in production shapes the world oil market, and its policies will weigh on the Feb. 1 meeting of the Organization of Petroleum Exporting Countries.

As Bush's trip unfolded, U.S. dependence on Saudi Arabia was further illustrated when Saudi Prince Alwaleed bin Talal, Citigroup Inc.'s biggest individual investor, disclosed that he had put more money into the New York-based banking company. The increase was announced the same day Citigroup posted a \$9.83 billion fourth-quarter net loss, the biggest in its 196-year history, tied to the mortgage meltdown.

(Our attempts to get Saudi Arabia not to wield the oil weapon are probably not helped by the fact that Israel, in the face of Saudi demands to make peace with the Palestinians, are themselves wielding the oil weapon.)

I know that US economic failure is not in the interest of the rest of the world, as efforts to decouple from our own collapsing Shitpile suggest. But the next couple of months may determine whether others in the world decide—either out of necessity or impatience with our own unwillingness to make important

changes—to stop propping up the US.