

*From Mr G R Steele.*

Sir, Re Samuel Brittan (July 2), it is not that worldwide public sector deficits provide "some cushion" to the recessionary impact of high savings. Rather, it is those deficits which absorb high savings to keep interest rates too high for an investment-led recovery to be possible.

G R Steele,

*lecturer in economics,*

*The Management School,*

*Lancaster University*