

From Mr G.R. Steele.

Sir, Christine Lagarde argues that “short-term support for growth” and paying off debt are “mutually reinforcing”. There are two kinds of growth: that originating from business entrepreneurship creates a broader tax base from which sovereign debt can be repaid; that originating from fiscal slack generates inflation, which “restructures” sovereign debt as effectively as direct default. Market participants can usually spot the difference.

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