* **Financial 9/11, one year on**
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* **Posted Tue Sep 15, 2009 6:07am AEST**

**http://www.abc.net.au/news/stories/2009/09/15/2685854.htm**

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* **Today marks one year since the collapse of Lehman Brothers - a day described by some as the September 11 of finance.**
* In much the same way as people around the world stood transfixed with disbelief as the twin towers came crashing down, bankers and financiers sat watching their screens in astonishment as a 158-year-old investment bank which had survived the Great Depression was bankrupted by the credit crunch.
* Commsec's chief economist Craig James says the shock of the collapse did as much damage to the world economy as the financial losses caused to institutions associated with the bank.
* "To some extent we can liken it to the September 11 terrorist attacks, because the biggest impact on a lot of individuals and a lot of businesses was the shock factor that an institution that large could fail, or be allowed to fail," he told ABC News Online.
* Fariborz Moshirian, a professor of finance at the University of NSW, says society was unprepared for the collapse, unprecedented in scale.
* "Our generation had no experience of such a massive collapse of an institution, particularly a financial institution, and for that very reason, as we all know, that led to a collapse of confidence in the global financial market."
* **Wave of panic**
* Share analyst Roger Montgomery says the failure of the US Government to save Lehman Brothers caused a wave of panic that other financial institutions may have been left to die.
* He says the US and other government and central-bank interventions came just in time to avert total financial catastrophe.
* "Because private-sector balance sheets weren't willing to back assets, weren't willing to be used to purchase assets, the government had to step in with its balance sheet," Mr Montgomery told ABC News Online.
* "Had they not done that then it's very likely we would have had a repeat of the situation that occurred in the 1930s when the government did precisely nothing."
* Professor Moshirian assessment of what would have happened if global governments and central banks had not acted is even more dire.
* "I think if it was not for the intervention of central banks to provide liquidity to the market after the collapse of Lehman Brothers, we could have had, virtually, a financial meltdown unprecedented in our history, in fact far greater than what we experienced during the Great Depression," he said.
* The day after Lehman was allowed to fail and markets plunged into chaos, the US Federal Reserve and Treasury quickly changed tack and bailed out what was the world's largest insurer, AIG, with a package worth $US85 billion.
* That mammoth amount was soon dwarfed by a $US180 billion injection of funds by the Federal Reserve in an attempt to reopen financial markets - an amount that again looked insubstantial a few days later when then-president George W Bush announced his $US800 billion-plus bailout plan.
* The government bailout and stimulus bills have only skyrocketed since then.
* **Silver lining**
* Despite the rapid string of measures to patch up the financial system, Mr James says US authorities were slow in dealing with the underlying problem.
* "It took too long ... for the Federal Reserve to realise that stabilisation of the banking sector was necessary before we'd get some improvement in the economy," he said.
* However, Mr James says one positive to come from the crisis may be stronger international agreements to regulate financial markets.
* "Hopefully we're going to see greater coordination; hopefully we're going to see the central banks communicating much more to each other in terms of providing information and the sharing of information," he said.
* Professor Moshirian is optimistic the G20 will agree on tighter international regulations on the capital adequacy of banks and the control of financial products including derivatives.
* However, he warns that Lehman Brothers may set a precedent for future crises if an agreement on regulating globalised financial markets is not reached.
* "Unless we address the underlying risk associated with the operation of financial institutions, we could have even more severe global financial crises in the years ahead," he said.
* **China's rise**
* Aside from the possibility of improved international financial regulations and the certainty of mounting government debts, the other thing to come out of this crisis has been the rise of China and other large emerging economies.
* "China, over coming years, is going to take on much more of a leadership role, and it won't just be China - it will be India, Brazil and Russia," said Mr James.
* "Those countries will be driving global growth in the future, and we will be having less focus on countries like the United States."
* Professor Moshirian notes that China's role has not only become larger on the world stage, but has also changed dramatically.
* "China used to be the factory of the world; now China is providing capital through sovereign wealth funds, as well as hedge funds, to the rest of the world."
* That has been noticeable in China's increasing pursuit of investments in Australian resource companies, as it seeks to secure reliable supplies of the raw materials needed to power its growth.
* Mr Montgomery says that is a good thing for Australia.
* "Countries like Australia and some of the South American countries, Brazil for example, will do relatively better than the Englands and the United States," he said.
* "We'll do better because of our geographical position and because of the resources that we have that are in high demand from the emerging Asian economies."
* **The outlook**
* The three experts ABC News Online spoke to agree that any prediction of what may happen over the coming year is, at best, an educated guess, but all are optimistic that the worst has passed.
* "So far, the indications are that the banking systems in the US and Europe, even if they're struggling, have stabilised and hence with the recovery in China and possibly the US, we should expect a much better global economy for 2010," said Professor Moshirian.
* Mr James says the share market is now likely to bounce along relatively flat for the coming year, with the impact of rate rises presenting the next big risk.
* "We're looking at the Australian share market moving to levels like 4,650 for the ASX 200 by the end of the year, and 4,900 by June of next year," he predicted.
* "We are well aware that some institutions have got much more bullish forecasts than ourselves; certainly we hope that they're right, but we know that there's still a few hurdles to overcome, not the least of which is central banks lifting rates back up to normal levels."
* Mr Montgomery is somewhat less optimistic about the market.
* He thinks shares are currently about 10 per cent above a fair value after the strong market rally of the last six months, and he says the worst thing investors can do is try to jump onto the boat once it has left the wharf.
* "Investors will do very, very well if they ignore the market and focus on individual companies, and there aren't that many at the moment that are bargains," he said.
* "The opportunity to make very large returns has now passed, and those returns were made by investing at the market lows in March."
* He says it pays to do the research, find good companies, and invest with a view to the long-term.
* "The lesson that people need to take away from the last 12 months: it is a big mistake to forgo the opportunity to buy shares in great businesses because of short-term concerns about the economy."