

Larry Elliott's three myths of the financial crisis

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Larry was on form, as usual, today, [arguing three myths have sustained the continuation of the financial crisis for five years now:](#)

The reason the crisis has been so long comes down to three myths.

The Anglo-Saxon myth is that big finance is a force for good, rather than rent-seeking and corrupt.

The German myth is you can solve a problem of demand deficiency with belt tightening and export growth.

The chances of this happening are slim. Because there is a third myth — that there was not much wrong with the global economy in 2007.

Of the last he says:

But the old model was financially flawed as it operated with high levels of debt, socially flawed in that the spoils of growth were captured by a small elite, and environmentally flawed in that all that mattered was ever-higher levels of growth. It is possible to move on, but only when it is recognised that the genie will not go back into the bottle.

Agreed.