

The wrong infrastructure in the wrong place at the wron...

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I am a fan of government investment in infrastructure when it is clear that an economy is in the doldrums. The UK still needs it. But the US? Not so obviously.

Why? Jobs are doing OK there. Inflation is rising. Growth is looking alright. Pressure on interest rates is rising as a result. Some parts of the economy - the stock markets - are already over heating.

But Trump , like a typical Republican, wants to spend like there is no tomorrow and print money to pay for it as tax cuts are also promised. The timing is not good. But that would not rule out infrastructure spending if the economic return justified it.

Investing in the US's crumbling bridges would make sense, for example. They scare me every time I visit. I am sure others closer to the scene than me can prepare a long list.

But Trump's going to build a wall: a wall that is not needed and a wall that may not work. It's a wall with a negative rate of return because it will have a big cost to run.

Economically there's a description for that. It's the wrong infrastructure, in the wrong place, at the wrong time. It's like those Spanish airports that never saw a plane: it's infrastructure gone mad. And no one should be building their hopes for a US boom on such spending. But US stock markets are. This is a collective leave taking of common economic sense. And that's not a good sign for anyone.