

Are we heading for another economic crash?

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The State of Nature web site has invited a wide range of opinion on the above question. The whole review is here. This is my contribution:

The answer to this question has to be yes: capitalism is built on the concept of failure and so crashes are inevitable. The real question is how soon before the next crash?

My answer is soon. The reasons are multifold. It could be a hard Brexit creating a liquidity crisis for companies as lorries queue at ports meaning that businesses will fail as they run out of stock, orders and cash. Or it could be over-valued stock markets crashing, especially if central banks try (foolishly) to increase interest rates and trigger a household debt crisis at the same time. Alternatively it could be Chinese debt collapsing. Or (heaven forbid) Trump pushing his 'big button'. And it might be something else entirely.

The fact is economies historically do downturns. We are overdue for one. That would not be too worrying except that austerity and a failure to address most of the failings in financial capitalism that led to 2008 have left us hopelessly ill-prepared for the next crunch. And that's why it will be a crisis and not a manageable bump.