

We're not heading a for a new normal

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The IMF [has just published a new blog by Maurice Obstfeld](#), who is the Economic Counsellor and Director of Research at the International Monetary Fund. He says:

As the year 2018 begins, the world economy is gathering speed. The new World Economic Outlook Update revises our forecast for the world economy's growth in both 2018 and 2019 to 3.9 percent. For both years, that is 0.2 percentage points higher than last October's forecast, and 0.2 percentage points higher than our current estimate of last year's global growth.

This is good news. But political leaders and policymakers must stay mindful that the present economic momentum reflects a confluence of factors that is unlikely to last for long. The global financial crisis may seem firmly behind us, but without prompt action to address structural growth impediments, enhance the inclusiveness of growth, and build policy buffers and resilience, the next downturn will come sooner and be harder to fight.

Every government should be asking itself three questions today. First, how can we raise economic efficiency and output levels over the longer term? Second, how can we support resilience and inclusiveness while reducing the likelihood that the current upswing ends in an abrupt slowdown or even a new crisis? Third, how can we be sure to have the policy tools we will need to counter the next downturn?

The blog is well worth reading for the answers to these questions that it suggests, even if I do not agree with it all. This, however, is indisputable, I think:

Our view is that the current upturn, however welcome, is unlikely to become a "new normal" and faces medium-term downside hazards that likely will grow over time. We see several reasons-to some extent reflected in our medium-term growth projections-to doubt the durability of the current momentum

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A crash is far more likely. And the odd thing is that the current upturn, built as it is on

sand, is empowering more people to say so, precisely because it is so obviously the lull before the storm.