Funding the Future

What's different about this crash from 2008?

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I spoke to an old friend this afternoon, and we discussed the onset of what we both see as a global recession from which we think the world economy might emerge in a very different, and quite probably better, place.

But we also discussed what was different this time when compared to 2008. My friend knew that in 2008 I hoarded cash (literally, notes) because I was so worried that banks would fail. They did, of course, and no one knew what might happen as a result. We now know that Labour saved them in the UK, for which they have never got the thanks that they deserve.

This time I assured him that I am not doing that. We have not learned that much in the oast decade, unfortunately, but we do now know that we canno0t let banks fail, even if saving them means perpetual handouts to those already wealthy. And this time I think there almost no chance that anyone need hoard cash. Nor need we worry that banks will fail: the lines of credit to keep them functioning will be provided, It's US$150 billio0n in the USA tonight, for example.

We can still have a recession.

We can still have all the damage that will cause.

We do need radical rethinking to address these issues, of the sort that I describe on this blog.

Bty government has also learned it can create money and not trigger inflation as a result. I wish they'd learned it more comprehensively. But it does mean that the bak s should be safe this time.

That just means we have other things to worry about.