

Greed is a threat to democracy

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As many [have reported](#), the US Federal Reserve has issued a warning on inflated asset prices overnight as US stock markets hit another new record high yesterday. They said:

Prices of risky assets generally increased since the previous report, and, in some markets, prices are high compared with expected cash flows. House prices have increased rapidly since May, continuing to outstrip increases in rent. Nevertheless, despite rising housing valuations, little evidence exists of deteriorating credit standards or highly leveraged investment activity in the housing market.

Asset prices remain vulnerable to significant declines should investor risk sentiment deteriorate, progress on containing the virus disappoint, or the economic recovery stall.

Irrational markets are maintaining the exuberance that is preventing some from questioning the credibility of populist governments. It will not last. It's a threat to democracy whilst it does. Greed conquers all, and right now good governance is amongst those things which it overcomes.