Funding the Future

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As is noted in the FT this morning:

A week ago, the main US stocks benchmark, the S&P 500, cracked through to a record high, clawing back to the previous high-water mark struck two years ago. On Monday, it set a new even higher record. On Wednesday, well, you get the idea. We are on the cusp of a bull market — a 20 per cent ascent from recent lows.

Stand back for a moment and think just how surreal this is.

There are major conflicts going on in Ukraine, Gaza and Yemen.

The world's central bankers are keeping interest rates high, which suggests that share prices should be low. They are also trying to create a recession, which should be reflected in stock market prices, but appears not to be. And as a matter of fact, there are considerable signs of stress throughout the world's major economies.

That stress is reflected in the rise of the far-right in the USA, the UK, and across Europe. Democracy is at risk.

Perhaps even more significantly than that for business, those far-right politicians are threatening the rule of law, and commerce is dependent upon it.

And, just to add a further issue, the International Court of Justice decided yesterday that the Israeli government has an obligation to end genocide, with a very clear indication that it is, at present, facilitating it.

As if to compound all this, it is very clear that mainstream economics and politics have no idea how to manage the crises that we are in: neoliberalism is out of road, and those who are addicted to it are so frightened of giving up the only theory that they know, meaning that they would rather the world suffer than admit that they were wrong all along.

We are, to be blunt, in the middle of a crisis of staggering scale, and despite that US stock markets are hitting record highs.

There are there explanations.

One is that this all suits big multinational corporations very well. There is likely to be a very strong element of truth to that.

Second, those markets are acting entirely irrationally. They are dismissing the evidence of chaos all around them. There is likely to be an even stronger element of truth to that.

Third, everything might fall over in the economy sometime soon. Unless central banks change course, that seems to be as close to a certainty as we can get in economic forecasting.

Whichever way it is looked at, to suggest that markets are rational is wrong.

Anyone who tells you otherwise is deluded, conning you, or stupid. You choose.