What else are markets ignoring?

Published: January 13, 2026, 3:02 am

John Boxall, who is a regular commentator on this blog, asked yesterday in response to my video on the risk of bank collapse as a result of the uninsurability of assets:

Richard, in addition to this issue you have also pointed out the likely impact of a falling population on the Stock Exchange. Now given that some of (allegedly) the nation's greatest minds have missed this – or been so scared they just freeze or ignore it – what else is out there?

That is a good question, because it highlights two important things.

The first is that the issues that threaten the very stability of the financial system are not obscure. They are not hidden. They are not difficult to see. They are in plain sight.

The second is that these issues are systematically ignored by those who should be addressing them: the politicians who regulate markets, the economists who claim to interpret them, and the financiers who profit from them. Ignorance is not the problem here. Denial is.

So, what else is being ignored, to answer John's question? The answer is, quite a lot in addition to the two issues already noted.

The first is regulation. The banking crisis of 2008 revealed how badly flawed our system of financial supervision was. That crisis was, of course, the inevitable result of three decades of neoliberal policy which deliberately dismantled the capacity of regulators to act in the public interest. "Light touch" became the mantra, as if financial markets could be trusted to manage themselves. What followed was the capture of regulators by those they were meant to oversee. The City of London effectively wrote its own rulebook. Auditors were reduced to box-ticking. Rating agencies took fees from the companies they rated. And governments looked the other way. The result was a financial system that actively encouraged fraud, speculation, and systemic risk. The absence of robust regulation was not a technical failing: it was a political choice.

And that choice is still being made every day. Rachel Reeves is at this moment trying to dismantle regulation in the City of London, claiming this is a pathway to growth. The same is happening in the States. The risks from light-touch regulation are returning in force.

Second, there is the rise of authoritarianism, which we might as well call what it is: it is fascism. It is no longer lurking on the fringes. It is shaping governments, not only in obvious places like Hungary or Trump’s United States, but also here in the UK. And fascism corrodes the foundations of markets. It attacks independent courts, undermines regulators, silences dissent, and treats transparency as an enemy. Finance depends on trust, and trust depends on institutions that are seen to act fairly. Undermine those institutions and you undermine markets themselves. This is happening in plain sight, most especially in the USA, but we always follow what happens there.

Third comes artificial intelligence. It is being sold as the technology that will deliver productivity miracles. In practice, it risks concentrating economic power in the hands of a handful of companies, at most, whilst potentially stripping millions of people of their jobs and livelihoods. Demand could be hollowed out unless action is taken. Inequality will almost certainly rise, given current political indifference to the issue. And because AI also has the capacity to manipulate opinion, distort markets, and launch attacks on financial infrastructure, it could potentially destabilise confidence overnight, and it is confidence that keeps the financial system afloat.

Fourth, climate change and the failing biodiversity of our planet pose another layer of risk. The fact that homes in flood zones or fire-prone regions are becoming uninsurable is just the first crack in the dam (if you will excuse the metaphor). Behind it lies a cascade of threats. Food systems are already under pressure from droughts and floods. Energy transitions are being endlessly delayed by political cowardice and outright attacks from far-right politicians who are claiming they are not needed, and who are spreading falsehoods about them. Supply chains are already brittle and could easily disrupted by climate shocks. A financial system built on the assumption of stability is now facing a world defined by climate instability, and so far, it is doing almost nothing to address the issue.

Fifth, and to reiterate a point implicit in John's question, demography is shifting in ways that markets are ill-equipped to handle. Populations in many developed countries are ageing. Working-age populations are shrinking, and this has profound consequences. Slower growth, lower profits, and collapsing asset prices are all possible outcomes. Pension systems, already precarious, face existential threats as fewer workers support more retirees. Housing markets built on the expectation of ever-increasing demand could face reversal. None of this is mysterious. It is arithmetic. But it is rarely discussed honestly, with the resulting need for inward migration to stabilise markets, populations and economies being acknowledged.

Sixth, overlaying all this is the fragmentation of the global order. The age of globalisation appears to be over. We are moving towards a world of deliberately created rival trade blocs backed by tariffs, whilst political tensions are increasing the risks of sanctions. Supply chains are being shortened, not lengthened. Finance is increasingly divided into competing spheres of influence. The dollar still dominates, but its authority is definitely waning, without there being an obvious replacement as a reserve currency in sight. This is not the stable, integrated world that financial capitalism depended on. It is one with instability built in.

And seventh, and finally, there is the problem of inequality. The wealthy have grown richer than ever, but that wealth is not being invested productively. It is being hoarded or channelled into speculative assets that add nothing of value to society. Markets do not thrive on hoards; they thrive on circulation. When wealth is concentrated at the top, demand is squeezed from the majority. Growth falters. Confidence fails. Economies do not collapse from scarcity as a result: they do instead fail because of the refusal of the wealthy to share the abundance they enjoy.

So, what else is out there? In summary:

* Banks might collapse because of the uninsurability of assets, which is where this narrative began.
* Regulation that has been gutted.
* Authoritarianism is undermining trust.
* AI looks as if it might destabilise demand and confidence.
* Climate change is turning stability into instability.
* Demographic change is making it clear that endless growth is impossible.
* Geopolitics is fragmenting what once seemed seamless.
* Inequality is strangling the opportunity for wealth to circulate.

Every one of these risks is in plain sight. None is obscure. They are all knowable. And yet the “great minds” of our age, whether in government, in economics, or in finance, are remaining silent. Why is that? Might it be because their careers, their wealth, and their reputations depend upon that silence? It is not ignorance that drives this. It is complicity. Or, to put it the way Upton Sinclair did:

It is difficult to get a man to understand something, when his salary depends on his not understanding it.

In 2008, the financial system blew up, and governments scrambled to patch it together. They then pretended that normality had returned, but it never has.

This time, the risks are greater for all the reasons noted above, and they are colliding. We cannot return to “normal” because whatever normal was it no longer exists.

The only way forward is clear:

* We must reform banks to build in resilience
* We must rebuild regulation.
* We must confront authoritarianism.
* We must tame AI and direct it towards human needs, not corporate monopolies.
* We must invest in resilience against climate shocks.
* We must face up to demographic realities.
* We must embrace cooperation, not fragmentation.
* We must use regulation and tax to redistribute wealth to ensure it can be used by those who need it.

Above all, we must embrace a politics of care – because pretending that these risks do not exist is no longer just cowardice; it is to collude in collapse.

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, **here.**

One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.

Comments

When commenting, please take note of this blog's comment policy, **which is available here. Contravening this policy will result in comments being deleted before or after initial publication at the editor's sole discretion and without explanation being required or offered.**