

# One Question Economic Crash

📅 [15th January 2018 \(Http://Stateofnatureblog.com/One-Question-Economic-Crash/\)](http://Stateofnatureblog.com/One-Question-Economic-Crash/) 👤 [Cihan Aksan And Jon Bailes \(Http://Stateofnatureblog.com/Author/Cihan-Aksan-And-Jon-Bailes/\)](http://Stateofnatureblog.com/Author/Cihan-Aksan-And-Jon-Bailes/)

One Question is a monthly series in which we ask leading thinkers to give a brief answer to a single question.

This month, we ask:

**Are we heading for another economic crash?**



## Wolfgang Streeck

Professor emeritus of sociology. From 1995 to 2014 he was Director at the Max Planck Institute for the Study of Societies in Cologne, Germany. His latest book is *[How Will Capitalism End? Essays on a Failing System](https://www.versobooks.com/books/2519-how-will-capitalism-end)* (<https://www.versobooks.com/books/2519-how-will-capitalism-end>) (Verso, 2016).

I'm not a prophet. But there is no capitalism without the occasional crash, so if you will we are always heading for one. Inflation in the 1970s was ended by a return to 'sound money' in 1980, which begot deindustrialization and high unemployment, which together with tax cuts for the rich begot high public debt. When public debt became too high, fiscal consolidation in the 1990s had to be compensated, for macro-economic as well as political reasons, by capital market deregulation and private household debt, which begot the crash of 2008.

Now, almost a decade later, public debt is higher than ever, so is private debt; the global money volume has been steadily increasing for decades now; and the central banks are producing money as though there was no tomorrow, by buying up all sorts of debt with cash made 'out of thin air', which is called Quantitative Easing. While everybody knows that this cannot go on forever, nobody knows how to end it – same with public and private debt, same with the money supply. Something is going to happen, presumably soon, and it is not going to be pleasant.