

# 36 South Views

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## The Trap

I have just finished re-reading *The Trap* by James Goldsmith, written in 1994. He wrote of his fears that the dilemmas facing modern society are becoming increasingly serious, especially for developed countries.

He took aim at free trade, social security and immigration in particular.

Sounds like Trump's playbook...

It would appear that he was very prescient: these are the exact 'front burner' problems we face today – although I would add mass structural unemployment due to disruptive technologies (e.g. Amazon, Uber) to the mix.

If it is indeed Trump's playbook then a trade war is inevitable and a hardening stance to immigration is likely.

The short term economic consequences of a trade war to emerging economies including China are uncertain at best, disastrous at worst.

The political consequences of a hardening immigration policy are uncertain at best, disastrous at worst.

The social consequences of doing nothing about the various problems facing developed countries, including the hollowing out of manufacturing bases, disruptive technologies, low interest rates and immigration are uncertain at best, disastrous at worst.

Let's not forget the potential impact of growing indebtedness by individuals, corporates and governments. Yet governments and central banks 'extend and pretend', artificially and unnaturally stabilising the system whilst the issues grow in magnitude.

The tectonic economic, political and social plates are forcing together with increasing pressure.

The financial system, volatility instruments in particular, are normally the early warning system for political, social or economic earthquakes – but they are silent.

It is a deafening silence...

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