

[“The Big Question: Will 2023 Be a Year of Economic Crisis?”](#)

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Multiple plausible scenarios may trigger what would qualify as an “economic crisis” in 2023. If the war in Ukraine escalates further, or tensions with China – for example, over Taiwan – intensify, supply chains may be affected, causing shortages and price increases. Cyberattacks can disrupt key infrastructure at any time and anywhere, with potentially significant repercussions. And since the financial system is as fragile, dangerous, and distorted as it has ever been (perhaps even more so), a crisis there is certainly possible. Regulators have repeatedly [missed opportunities](#) to reform the system since the 2007-2009 crisis, [making it clear](#) that “further crises will come.”

An enormous buildup of risks across the financial system – often ignored by regulators and investors, only to emerge suddenly– is concerning. Many European banks already appear [quite weak](#). According to a [2018 study](#), “off-balance-sheet” debt levels have grown since 2007. A [recent report](#) shows that there is \$65 trillion in hidden US-dollar debt in foreign-exchange markets – a much larger sum than prior to 2008 – and points to other risks. According to the World Bank, since 2000, the world’s poorest countries have been spending the highest share of their export revenues on [debt-service payments to rich countries](#), and debt-related risks are rising in low- and middle-income economies as well. Central banks routinely intervene to calm turbulent markets, as the Bank of England [recently did](#) to prop up the government-bond (gilt) market and protect pension funds. But a crisis involving multiple jurisdictions and key institutions with unsustainable commitments may not be easily contained.

Any “new” crisis will ultimately be rooted in the ongoing, intertwined crises of capitalism and democracy. Our economic system appears rigged and unjust, and many are rightly angry. When asked recently to write a short essay on “what has gone wrong with capitalism and how to fix it,” I [argued](#) that “financialized capitalism” has undermined, overwhelmed, and corrupted democratic governments, and that flawed narratives have created confusion and blocked reforms. Martin Wolf, whose forthcoming book is entitled *The Crisis of Democratic Capitalism*, expresses similar concerns. Unless and until we diagnose the problems properly and fix the rules of the game, our world will be in peril.