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Some Notes on Housing Markets in China, and What This Tells Us About Wider Economic Realities
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Context of a Crisis

With the impending collapse of housing conglomerate Evergrande, focus has been placed on the housing market in China, a market estimated to be worth around $52 trillion or more. To put this collapse into perspective, Evergrande holds as much or more debt than was held by Lehman Brothers at the time of their bankruptcy—which is what helped kick-start the economic crisis of 2008. However, unlike Lehman Brothers which had its assets spread out across the market, the collapse of Evergrande is concentrated in one sector, which amplifies the impact materially and prevents that impact from being absorbed by other market verticals.

With a collapse of this size, with concentrated impacts and with the sheer volume of foreign bank investments in the company, a default on debt could have large-scale ramifications for the global economy. But to understand what is happening, why it is happening, and what this could mean going forward, it is important for us to read this scenario within a wider context. This means broadening our perspective beyond the limits of most journalistic coverage of this event, which tends to be limited to the company and its relationship to the Chinese state, and begin to take into account not just the global economic situation today but also the last forty years of economic history. From this perspective, this is not just a debt default that is caused by irresponsible spending, as it is being portrayed, but rather this is a scenario driven by a clear tendency within equity markets, one that functions based on the wider separation between asset values and their underlying objects.

For decades there has been an interplay between equity values and financialization that has come to shape much of the economy. We will discuss this more later, but the economic approaches leveraged in response to economic stagnation in the 1970s in the US created the conditions for a massive ballooning of debt. This debt was created in the form of new sorts of loans, like credit cards, but

also in the form of corporate debt and mortgages. Corporate debt was taken out in order for corporations to buy other companies or to boost the value of their own stock, which decoupled stocks from the value of the underlying company and made them an asset in themselves. Much of the consumer debt generated was packaged into derivative investment vehicles, many of which were purchased with money borrowed by the party purchasing the derivative. As debt became more prevalent and the limitations became less present, debt and asset values began to dance.

As debt is created, say in the form of mortgages, there is demand created. The more people can get mortgages, the more demand there is for housing. The expansion of access to debt drives prices on these assets up. What occurred at this point was that homeowners were being encouraged to, and often did, take out refinanced mortgages or equity loans based on the new, higher value of the home which, after paying off the original loan, generated income. Infomercials all through the 1990s told homeowners to use their home as a bank. At some point, however, the amount of debt became unsustainable given conditions around falling wages, and consequently demand for housing fell. This created a lack of demand, falling home prices, and increasing amounts of defaults. As people came to default on their loans, banks began to tighten conditions for lending and increasing interest rates, which caused even more defaults. Eventually this started to impact lenders and the holders of derivative assets themselves, and that is where the economy ultimately crashed, in the cascading series of bankruptcies resulting from the collapse of this economic approach.

Let us take the example of the 2008 financial crisis into account here. During the beginning phases of the crisis, financial institution bankruptcies were not the result of assets losing value. Rather, it was a more fundamental crisis in which assets could not be given a value at all across broad swaths of the economy. In a derivative, specifically a debt-backed derivative, the asset is a package of loans that have already been made by an institution. When pur-

- The Next Global Depression Is Coming and Optimism Won't Slow It Down
- The Debt Pandemic
- A Global Debt Crisis is Looming – How Can We Prevent It?

- China Property Crackdown Alarms Analysts as Economic Risks Grow
- The $52 Trillion Bubble: China Grapples With Epic Property Boom

Evergrande Debt Crisis

- Evergrande Crisis Escalates as Protests Break Out in China
- Why China's Economy Is Threatened by a Property Giant's Debt Problems
- Blackstone Drops $3 Billion Bid for Chinese Property Developer
- Timeline: China Evergrande's Snowballing Debt Crisis

Chinese Debt Crisis

- These Charts Show the Dramatic Increase in China's Debt
- Will China's Debt Bubble Ever Pop? (podcast)

Global Economic Dynamics

- The Pandemic-Induced Global Slump is Just Part of a 20-Year Financial Crisis
- COVID Response Drives $24 Trillion Surge in Global Debt: IIF
- Sovereign Debt and the COVID-19 Pandemic (PDF download)
- Has Covid Ended the Neoliberal Era?

chasing the derivative you are purchasing an asset connected to the speculation about whether these loans would result in a full payment with interest. When homeowners are unable to pay mortgages back this impacts the ability to speculate on that future.

The disruption of the ability to speculate about the return on the asset, for a while, pushes the price of that asset down. For many institutions these assets are also leveraged as collateral to borrow money, and when the price of those assets falls more need to be posted as collateral for the same loan. This fall in value constricts credit markets, due to hesitancy to lend money, which leads to more defaults. Eventually this hits a point in which core questions around value begin to get posed, as they did in 2008. As a result of those questions, these assets, which made up a significant amount of the total assets traded on US exchanges, it became impossible to price these derivative assets at all.

When these assets were unable to be valued this caused a liquidity crisis for major financial institutions. Without being able to price the asset, it cannot be sold or used as collateral for loans. The elimination of these assets forced some of these institutions, like Lehman Brothers, into a position in which they could not borrow any more money, but also could not pay back their outstanding debt, leading to bankruptcy. As these first bankruptcies hit, it caused a massive constriction in credit markets, making borrowing harder and more expensive and, in turn, forcing more institutions into bankruptcy.

In the Chinese housing market context we are now seeing very similar dynamics come to a point of culmination, much the same way they did in the US a decade before. There is one big difference between now and then, however: the economy is far less likely to be able to mobilize the resources to prevent a crash of systemic proportions again. We sit at a precarious moment, perched upon the edge of collapse, with all dynamics pushing us closer and closer to freefall.

This is easy to see on a micro-economic scale: evictions are reaching a tragic level of generalization, workers are either refusing to show up to work or risking death for a paycheck, the prices of commodities are in flux, if things can be obtained at all. We can all clearly see the abandoned storefronts, the closing restaurants, the friends that are months behind on their rent. This is the case across much of the world, and like elsewhere the impacts of this obvious crisis are being mitigated by government spending, corporate debt, and economic subsidies. Unfortunately, for those that would like to see capitalism continue, these mechanisms are starting to run into some logical economic limitations, many of which were set into motion far before the pandemic and have accelerated in the last year and a half.

The framing of the contemporary economic situation around the pandemic is at best a partial explanation. It relies on the insistence on a discourse of anomaly—that these dynamics were just the result of an unforeseen event disrupting an otherwise stable economic situation. This framing ignores the economic dynamics which existed at the beginning of the pandemic, which were already trending toward a debt crisis, and approaches this situation as if it just emerged from nothingness. There are definitely clear, demonstrable, impacts that we can attribute to the pandemic. That is not in doubt. However, these impacts of the pandemic cannot be thought outside of economic history or, in a more immediate sense, global economic trends going into the pandemic. Many of the dynamics that have converged in the present, and which have now been accelerated by the pandemic, are the result of decades of deregulation and the financialization of international economics, with the more immediate causes being apparent in the approaches to the collapse of 2008.

To understand Evergrande, the context of the crisis, and how it interplays with a broader global dynamic, we have to think of the global economy and this local microcosm as operating in a reciprocal relationship. Evergrande is a massive corporation, with

built on the back of government subsidies and permissions and the withdrawal of this support could be fatal to that market. The ability of the Chinese state to keep conditions stable during the pandemic relies on the continuation of an influx of tax income and the ability to borrow internationally. There are also more localized effects in relation to wages, secondary debt defaults on things like loans taken out by construction companies, and so on, that will all deepen the crisis and raise the cost of a bail-out. If the consumer economy is impacted by cutting subsidies, then this negatively impacts tax revenues, but if there is a sovereign debt crisis then the ability to borrow is impacted. In neither scenario is it likely that the situation will shift in such a way as to avert crisis.

Finally, the dynamics that are converging to create situations like the collapse of Evergrande are not unique to China, but are a product of a much wider economic tendency in the present. This wider tendency is one in which there are no routes of escape, and that is likely to be significant in its global impact. At present we find ourselves with two possible economic realities, both of which involve a crisis and both of which are not avoidable within the terms of capitalism itself. It is not only the housing market in China that is going to be severely impacted—it could be the entirety of capitalist economic dynamics and with it the conditions of our lives.

Further Reading

Chinese Housing Market Dynamics

- Housing Bubble and Political Troubles: The Case of Real Estate Companies in China's Anti-Corruption Campaign
- Constructing Corruption: Institutional Failure in China's Urbanization Strategy
- Can China Step Off Its Property Treadmill? Not Likely

demic, the Chinese economy was already showing signs of trouble in two areas specifically: the housing market and government debt. Coming out of the 2008 financial crisis the Chinese state was already taking on unsustainable amounts of debt to continue to fund controlled economic growth. Though efforts were made to limit debt and to balance the budget of the state, these efforts were largely suspended during COVID. So the dynamics we are seeing in a case like Evergrande are a microcosm of much wider dynamics that are impacting various economic verticals internationally. The economy in China is at a specifically tenuous place at the moment. High levels of government debt, a slowing rate of economic growth, and the collapse of certain economic sectors has significantly impacted economic conditions. These conditions are likely to worsen if international markets experience either a collapse in consumer demand or a crisis in sovereign debt.

From this analysis there are a number of conclusions that can be drawn. First and most formally, we can see something critical in economics: economic models are not reflections of the world, and the cause of the collapse of the mechanisms built on these models lies in the discordance between the two. Just as the construction of a lending-heavy economy occurred through intentional government interventions and collapsed based on unforeseen shifts in economic conditions, a similar dynamic is occurring with the Chinese housing market. The policies undertaken in the early part of this century were based on the same assumptions as US government intervention in the 1970s and 1980s. These are now collapsing for similar reasons, though the shape of the crisis and its immediate causes differ.

We can also see here that the conditions of the economy in China are not such that it is likely that the crisis will be able to be averted or addressed once it occurs. All possible approaches to the scenario allow for short-term aversion of a crisis, but only through mechanisms that are temporary, and that are less and less likely to be able to be used in the future. Much of the housing bubble was

large amounts of foreign investors and a portfolio large enough to create systemic risk if the company ever does crash. As such, Evergrande is not purely a local phenomenon. The prevalence of foreign investment, combined with the reliance on foreign trade within the Chinese economy, has generated a context in which the collapse of a company like this could result in billions of dollars of lost capital globally, and in which global trade dynamics have massive impacts on Chinese economics and, as a state-run economy, governmental policy.

All of this is occurring within a scenario in which governments are running into debt limits, and in which large amounts of liquid capital have been thrown into the market in the form of consumer and corporate subsidies, resulting in the prevention of a crash in the immediate sense. Without this massive injection of liquid capital into markets by governments around the world, in the form of loan programs and consumer subsidies, consumer demand would have fallen long ago, causing a massive international crisis. This spending has, instead, led to a different reality. The economy has stagnated, as opposed to collapsing, in the midst of the pandemic, but the conditions that created that precarity to begin with are now re-emerging to threaten the ability of the global market to stabilize itself if a crisis were to occur. As such, to understand Evergrande is to understand global economic dynamics and history, and to grasp this contemporary history is to know the factors in play with Evergrande. These two dynamics cannot be separated, without significantly limiting relevant analysis.

No Escape

The real question to be asked around the Chinese housing market and the collapse of Evergrande is less about the effects this will have in China, as it is not possible to separate that from the wider impacts. Rather, the crisis point emerges at a different location. Far from a crash that can impact just the economy in China, what has emerged is a scenario in which the conditions on a local level are colliding with broader, and more dire, global economic dynamics. It is within that collision that we are likely to see potentially dramatic impacts, or at least watch as we take a large step closer to acute crisis.

These sorts of crises are not the result of the crash of a single company but are, rather, the result of core paradoxes and pitfalls in the concept of growth within capitalism. The releasing of capital into the economy will generate a growth pattern in the short term, but at longer-term cost. For example, tax breaks are often touted as a way to drive economic growth, but whatever benefit they produce is offset by the fact that debt was required to fund that tax break. A similar calculation is at work in the bailing out of companies and institutions. In this mode all points of reference are deferred into the future, driving an approach which is speculative on a core level. In this speculative process the economy takes on a different character, with the potential future profits on abstract assets becoming the focal point. Material stock, like houses or stores, become secondary to the abstract representation of that asset within the bond and derivatives market. As this occurs other sectors of the economy also need to participate in this precarity, such as materials suppliers and construction firms who are taking on work hoping that it will pay. All of those companies have debt, all of their workers have debt, and so on.

The dynamics that are converging in the present moment have a trajectory that began, and had already become precarious, long before COVID was a factor. Prior to the emergence of the pan-

A Familiar Story

To understand the collapse of the Chinese housing market, it first makes sense to discuss the rapid, almost irrational, growth rate of the housing market over the past twenty years. Beginning in the early 2000s, two different emerging economic realities began to converge: rising incomes and the artificial lowering of interest rates. In order to encourage economic investment and the growth of the real estate market, the Chinese government artificially lowered interest rates to encourage lending and created a subsidy and incentive structure to develop real estate and other large-scale land-based projects. The sale and renting of land came to function as a primary source of income for governments on a local level, which not only accelerated development further but was also a huge source of corruption.

This dynamic mirrors the fluctuations and policies which emerged in the 1970s and into the 1980s and which ultimately led to the housing crisis and the collapse of 2008. To address economic stagnation, in the early 1970s a number of shifts were undertaken within the US economic policy which fundamentally reshaped the global marketplace. First, Nixon floated the US dollar and removed it from the gold standard. This allowed currencies to be decoupled from gold or silver, whatever the base money-commodity was in any given place. By decoupling currency from underlying commodities the amount of currency in circulation was able to grow, which loosened economic limitations on lending. This was coupled with deregulation and the artificial lowering of interest rates, both of which created conditions for consumers to borrow large amounts of money.

This drove the housing bubble based on a simple assertion. If the amount of capital flowing into the market is able to continue at this accelerated pace, then consumer demand for things such as houses will stay high, which in turn drives the price of things like housing up and allows consumers to borrow based on these

growths in equity. This came to compensate for the lowering of real wages—people made less in relation to inflation—by allowing consumers to borrow based on increases in equity value, which was being used to address basic economic shortfalls. Clearly, in retrospect, this framing was missing a core, clear element in its analysis: namely, what occurs if the amount of debt taken out surpasses the ability to pay off that debt. As economic dynamics began to shift and the shape of the US and global economies changed, these massive gaps in analysis emerged and threatened the continuation of the entirety of capitalist economics.

For a time this reliance on easy debt and asset value increases was able to address these reductions in wages through the creation of household debt. But eventually two things occurred. First, wages had been reduced in real terms to such an extent that consumers were having harder and harder times finding liquid capital to spend, which depressed asset value inflation. As wages continued to drop and the cost of living continued to rise, eventually this impacted the ability of households to pay off the debt they were accumulating. As this occurred, spending contracted and demand for new housing declined, which in turn slowed the rate of inflation in housing prices. This resulted in many houses having more outstanding mortgage debt than could be obtained through sale—this is what is meant by houses being "underwater." This depression of inflation prevented borrowers from using increases in equity to address budgetary shortfalls, causing homeowners to default on their mortgages. The result was contractions in the credit market, which made loans harder to get, causing more defaults, and on and on.

In China, mirroring the American trajectory, by the mid-2000s this series of policies and practices had contributed to the growth of a large housing and real estate bubble in China—which persists to this day, even in the face of intentional attempts to slow down development in order to prevent a crash in the market. As the bubble continued to grow, increasing amounts of international investment was attracted into the market, which then further accel-

functions in the immediate sense, the long-term ramifications could interact with current trends in consumer markets to create crisis conditions as well.

Chinese market, the ability of the state to engage in a bail-out of Evergrande and then continue to prop up the economy with subsidy spending is greatly diminished. Further, and this is the large concern raised by the Chinese state, it would create a condition of "moral hazard," or a scenario in which investors take risky actions in the understanding that they will get bailed out if they fail—privatizing profits and socializing losses.

The second possible approach is that the Chinese state will let Evergrande fail in order to prevent a strain on governmental budgets and debt loads and to avoid this "moral hazard." There is already open discussion of this approach, with politicians saying that foreign investors are last in line to get paid during a bankruptcy. If this were to occur the impacts could be catastrophic. Already protests have broken out in relation to unfulfilled housing contracts, construction deals, payouts to contractors and so on, and these are likely to continue. Hundreds of billions of dollars of economic losses would result from this in unpaid contracts, lost investments, and half-finished housing units. Foreign investors are already pulling money out of the Chinese economy, a dynamic that would accelerate dramatically if foreign investors lose out in a bankruptcy.

So far we have seen the Chinese financial authorities decide to inject a significant amount of liquid capital into the market. This is being done in order to prevent a contraction in the credit market as the result of Evergrande going into bankruptcy. But this is sort of a half approach. It will prevent an immediate crash in the very immediate future, but will not be an approach that can function over time as a solution. If they decide to bail out the company it is likely that foreign investment will continue to flow, but the state will be pushed to the brink financially, contributing to the sovereign debt crisis mentioned above. Alternately, if the decision is to let the company fail, it is likely that foreign investment leaves, many jobs are lost, many contractors are not paid, loans go into default, and people are left without housing. Though it is a solution that, again,

erated development rates. As long as wages continued to rise and government subsidies continued to flow, this could continue even though houses were being increasingly built without having buyers or tenants lined up. When wages began to level off in the later part of the 2010s and government spending began to contract in order to prevent a governmental debt crisis, the conditions were set for the possible emergence of a crisis. The result is that, prior to the pandemic, the Chinese real estate market was already in a fragile state, with many economists predicting a significant slowdown in the housing market over the last three or four years.

It is only now, however, that we are seeing the dynamics of this market reach their culmination, expressing themselves in the form of the collapse of Evergrande, the largest housing conglomerate in China. The size of Evergrande is difficult to grasp—it exists at a scale far beyond the size of any American housing developers. Today, as a result of this coming default, around 1.5 million people are left without completed housing units, many of which have been partially paid for. Hundreds of contracting companies and thousands of workers are in danger of going without pay. Vast amounts of debt are likely to be unpaid, amounting to hundreds of billions out of the coffers of financial institutions globally.

Losses on this level were predictable. Over the past decade, economists have been openly discussing a collapse in the Chinese housing market and the ripple effects that would spread globally. This clear structural risk was forestalled for a while through the actions of the state, which exercises a high degree of control over economic activity. Control of the economy and a crackdown on corruption has slowed the inevitability of a crash by decelerating the growth of equity value in a managed way. But even with this intervention and the artificial stabilization of the market, it is not possible to ignore the reality anymore. China ended up with a wildly inflated housing market that is starting to decline rapidly.

As with the familiar story in the US, the drive to inflate equity values as a "wealth engine" led to debt markets that ballooned be-

yond the ability to fulfill the payment of debt by the consumer. And, just as with the story in the US, the fall in wages (or their stagnation in the Chinese case) eventually collided with rising equity values to create the conditions for a crisis. When this is combined with the dynamics of the global economy, which we will touch on next, this story goes from a case of a housing conglomerate overstretching its debt carrying capacity and becomes a much more important story—one with global implications and which could play a significant role in triggering the next series of economic realities that will emerge.

area shifts, however, from the collapse of the consumer economy to the collapse of the sovereign debt market. The sovereign debt market is based on the debt taken out by governmental entities and the derivatives produced off of these loans. The discussion of a Greek debt default is a discourse that exists within this space. If governments are going to spend to the point of default, a different crash scenario emerges.

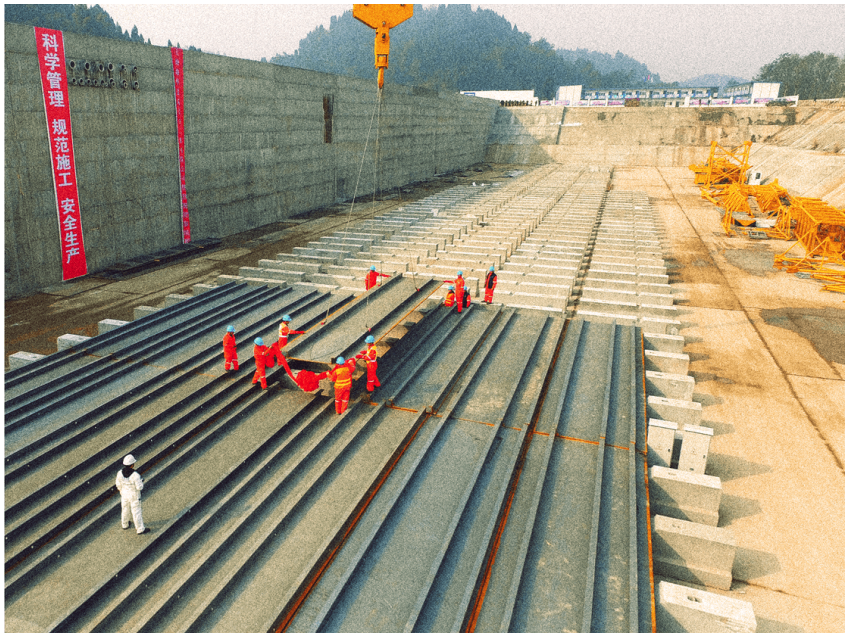
In this scenario the impact becomes immediately felt within the financial industry. Many assets are based on investments in sovereign debt (for those of us in the US, government bonds are forms of debt-based assets). Retirement funds, severance funds, and a large number of investment funds are heavily involved in this market, as it is considered a safe form of investment. If there were a governmental debt default of a large enough size—and any state from Greece to China is of that size—these financial funds are directly impacted first. This loss of capital from the financial industry creates a dynamic in which the lending of money becomes constricted. This can lead to one of two outcomes: either interest rates on that debt increase or institutions cease lending at all. In either scenario, economic conditions emerge to create a cascading effect.

This places a company like Evergrande in a very perilous position. The company is too large to be functionally bailed out through increased investment, with many foreign investors are pulling their money out currently. This means that the company, and the Chinese economy at large, is relying on a government-structured response to the crisis. This creates the possibility of two different approaches that could be taken here, both of which are fraught with hazard. First, if the Chinese government bails the company out, this will come at the cost of significant amounts of money being injected into the company, but the Chinese government is already attempting to cut debt in order to not end up in a default scenario themselves. When this is coupled with stagnating wages, a fall in foreign consumer spending, and the withdrawal of capital from the

economy. This approach, though it serves to stabilize the economy at a stagnation type of pattern in the present, also fundamentally deepens the debt crisis at a time in which debt defaults are increasing in frequency. As such, we are quickly reaching a point in which money can no longer be borrowed to subsidize this artificial economic stability. This is why we are seeing, in the US for example, COVID-based economic assistance programs being eliminated.

The emergence of this debt limit has generated effects which could lead to a cascading crisis. When this limit is reached or is being approached, governments are going to be faced with a choice, of which all available options lead to a deepened crisis. In the first scenario, governments follow the lead of the US and others and begin to close off subsidy programs. If this were to occur, a crisis in sovereign debt markets would be avoided, but this would come at the cost of the consumer economy. We have to keep in mind that all subsidies are effectively the redistribution of wealth to those that own the means of production and consumption, the wealthy. That money is being given in order to be used, not saved, as a way to artificially boost consumer spending. If governments stop borrowing to pay for these programs, it is highly likely that consumer spending will drop off significantly. This could lead to corporations being unable to pay back their loans, causing them to go out of business as we have already begun to see. This loss of employment accelerates the fall in consumer spending, leading to more corporate default, and so on. Eventually, if allowed to proceed, this dynamic ultimately leads to banks and other financial institutions losing significant amounts of money on defaulted loans, causing them to limit lending, thus further accelerating the crisis. This is a similar dynamic to what occurred in 2008, even if the cause is somewhat different.

The second possible scenario is that governments will continue to borrow to subsidize the economy. In this situation consumer spending can remain level and corporations are more capable of paying back debt, allowing them to stay in business. The problem



Economic Contradictions

The global economy has watched as the pandemic severely lowered demand for consumer goods. This is clearly the result of a wide variety of effects resulting from the pandemic, including people not being able to be in stores, the impact of social distancing on production capacity, increased unemployment, the uncertainty of the economic future causing people to save more, and so on. On a global scale this has dramatically impacted production and export-based economies, including the Chinese economy. Over the past twenty years there has been a concerted effort to accelerate the change in the shape of the Chinese economy, and this move can be directly implicated in creating the conditions for the housing bubble in the first place. But as economic realities took over and the rate of change slowed, there was a corollary trend of wage stagnation, which was already causing concern about a broader economic crash in China prior to the pandemic.

This is all well and good, and would be just another day within the constant droning of crisis within capitalism. However, the current scenario presents conditions that fundamentally change the calculus of the severity and approach to this specific crisis. The international situation is becoming increasingly dire, although quietly. Throughout the pandemic governments have been able to address some of the consumer market shortfalls through directly subsidizing incomes. In the US we have seen this contribute to a bubble in the housing market, as more and more people are able to afford the down-payment on a house, between newly available subsidies and tax returns. Even though this money is being pumped into the economy at a remarkable rate and we are seeing certain market verticals growing during this time, the wider dynamic is bleak for capitalism.

At present global economic growth is on a downward trend, resulting in either a flat rate of growth or a declining rate of growth throughout much of the global economy. In other similar scenarios, the loss of jobs, the increases in debt loads, and the fall in consumer spending combined would lead to a significant crisis emerging on the horizon, but instead we have watched the economy merely fall into a deep stagnation. This position, however, is being purchased at an extreme cost on the level of corporate, household, and government debt. The reality is that, far from using debt to grow or recover the economy, as was done in 2009, the increasing loads of debt being taken on are functioning only to prevent a crash. It is an artificial stabilization which is occurring due to the fact that debt is easy to obtain, there are programs which allow for loans to be forgiven, and interest rates are currently 0.25% as set by the United States Federal Reserve (as of the time of this writing).

On some level we can already see what is coming: it is a reflection of similar dynamics that emerged in high debt economies in the 2008-2009 period. Debt, though easy to obtain, has a ceiling—there is a point where an entity cannot borrow any further. During the period of the pandemic, the debt loads of governments and corporations has reached such a level that this theoretical limit is starting to become an actualized limit. The actualization of this plateau is coming to fruition not merely due to increases in debt loads during the pandemic. Prior to the pandemic, concerns were already being raised about unsustainable debt levels not only in the US and China but globally. When concerns like this are raised and when acute crises emerge, lending requirements are tightened and debt is harder to obtain.

In the current situation there is a deep paradox emerging, generating conditions that tend aggressively toward collapse conditions. On one hand, the current state of debt markets globally would, in other circumstances, make debt very difficult to obtain, which would usually kick off a wave of defaults. But we are not seeing this occur: so why? The reality here is that the only reason this has not occurred yet is that governments are subsidizing low interest rates and facilitating loan programs to keep capital flowing into the