

World On The Verge Of Great Depression: Hogg

Written by Rudi Prinsloo

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The world is on the verge of another Great Depression of the 1930s if past mistakes are repeated, financial commentator and CEO of Moneyweb Holdings Alec Hogg said on Thursday.

"After the stock market crashed in 1929... they decided they had to run a balanced budget... they pushed up tax rates... and started pushing up barriers to protect economies...

"These were stupid decisions to make," Hogg told business people at the World Economic Forum (WEF) feedback session at Durban's Hilton hotel.

"And it's a scary situation but if we go back to barriers. the Great Depression is a certainty," said Hogg.

He said the world only came out of the depression because of World War 2.

"I believe politicians this time when they talk about a new world order... we are going one way or another... and this is a great opportunity for us," he said.

At the WEF in Davos in Switzerland, world leaders, international companies and leading economists gathered to discuss the world's declining economic situation and the way forward.

It was noted that the global crisis presented an opportunity to address structural imbalances.

Hogg said that Nouriel "Dr Doom" Roubini, a leading international economist and professor at the New York University, told the forum "the worst is yet to come".

Hogg said Nouriel had been pointing out major imbalances in the world over the past two years but that no one had listened.

"People don't listen until after an event," said Hogg.

"I was vindicated by an economic disaster," Nouriel had told delegates.

He said banks needed to write off US\$3,6 trillion or the world might see another depression.

So far only US\$1,1 trillion had been written off.

Hogg said the US\$3,6 trillion that was lent out was not going to be paid back.

"... We have not hit rock bottom yet," Hogg warned.

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