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JOHN CULLEN

Insolvency practitioner,
Harris Lipman

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Where is my crystal ball?

As I sit here pondering the latest news on the economy, I wonder where it is all heading.

I have reviewed a number of surveys and have decided to use a combination of statistics, experience and guesswork. I must be a closet economist.

The banks are still open for business but maybe not for everyone who needs to extend their credit. Cash flow is still tough in most sectors and it looks like we are about to enter austere times, the like of which we have not seen for a while.

There are mumbles of double-dip recessions. There is a general nervousness about how safe you are in your job and a number of employees have had their pay frozen.

There was a power cut the other day in the Bay area and my mind went straight back to my first couple of years in Britain in the late 1970s when there just was not enough power to keep the lights on all day despite the amount of 50p pieces my grandmother had set aside. Luckily, it was just my imagination.

However, business failures in the quarter to the end of June 2010 have fallen by nearly 20% from the same period in 2009.

There is also a 7% drop on the first three months of 2010.

Interest rates remain low and the forecast still does not appear to show high rates in the medium term. The transport and communications sector was the clear winner with a 34% drop in failures.

Are businesses getting better at coping with these times? Some may say that staff reductions and pay freezes have all contributed to this improvement.

Personal insolvencies are at 31.8 per 10,000 adults in Wales. That is very near the average of all the regions in England, so it would appear to show that our country is not suffering more than its neighbours.

The statistics are, of course, entirely irrelevant if you happen to be one of those people or businesses struggling with insolvency.

I cannot pretend to accurately envisage the effect that the cuts in public spending will have over the next couple of years.

However, if business continues to manage through these tough times, the doom mongers may yet be proved wrong.