

POLITICS

# Elizabeth Warren says the 'warning lights are flashing' for the next economic crash

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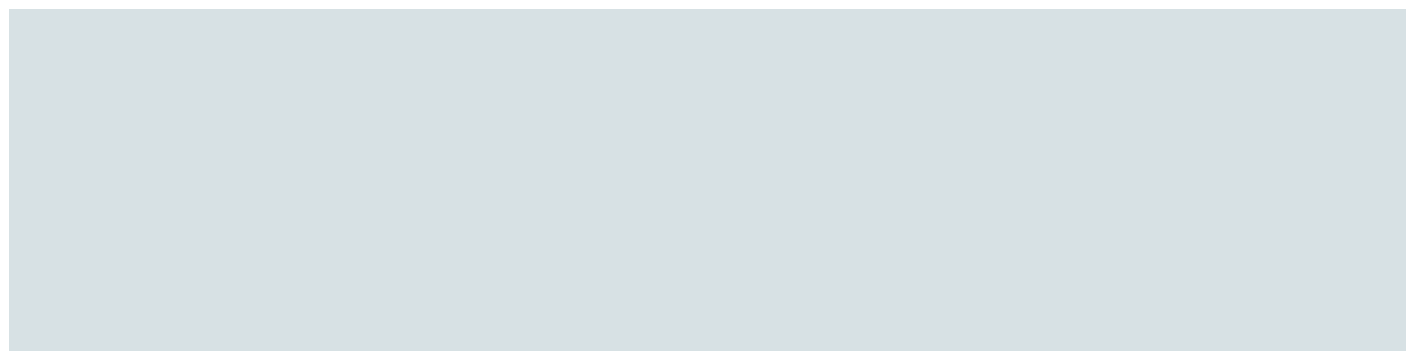
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## KEY POINTS

- Democratic presidential contender Sen. Elizabeth Warren is warning that a financial crisis is on its way.
- "Warning lights are flashing. Whether it's this year or next year, the odds of another economic downturn are high — and growing," Warren says.
- She says that increasing household and corporate debt has left the economy on a precarious footing.



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Democratic presidential contender Sen. Elizabeth Warren warned on Monday that the next financial crisis is on its way.

“Warning lights are flashing. Whether it’s this year or next year, the odds of another economic downturn are high — and growing,” Warren wrote in a [post](#) on the blogging platform Medium.



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The Massachusetts Democrat said that increasing household and corporate debt has left the economy on precarious footing. [Citing a top economist](#), Warren wrote that a failure to raise the debt ceiling in September could be “more catastrophic” than the 2008 collapse of Lehman Brothers.

She also noted weakness in the manufacturing sector, putting the blame for its recent slowdown on President Donald Trump, who has tangled with China over trade. Despite Trump’s pledge to bring back manufacturing jobs, the sector is now in recession, she wrote, and wages for the industry lag the national average.

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The post is written in the meticulous and citation-heavy style that Warren’s campaign has adopted in its prolific policy roll-outs. The first sentence links to an article written by the fact-checking website PolitiFact, which found in April that Warren’s [claim that she predicted the 2008 financial crisis before it happened is truthful](#).

Trump has boasted of the strength of the economy as part of his own reelection bid. Since he was elected, the stock market has soared — the S&P 500 index of the largest American companies has risen nearly 40% — and unemployment has sunk to its lowest rate in decades. Real wages have also risen.

But growth is expected to slow. On Friday, the release of second-quarter GDP data is expected to show the economy growing at a relatively sluggish 1.8%, according to an estimate from Dow Jones, compared with 3.1% in the first quarter.

Warren, a bankruptcy law expert who was an influential professor at Harvard Law School before running for the Senate, is a longtime consumer advocate.

Despite her bleak prognosis, she wrote that the “good news is that we have the chance to head

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of unions. She also said the Financial Stability Oversight Council must meet “specifically to discuss these risks and announce a plan for addressing them.”

Warren wrote that Congress should “take the prospect of breaching the debt ceiling off the table forever” by eliminating it or raising the ceiling to allow for new spending when authorized by Congress.

And she touted her Green Manufacturing Plan, [announced last month](#), which includes \$2 trillion in investments over the next decade in research, manufacturing, and exporting related to green technology.

“Congress and regulators should act immediately to tamp down these threats before it’s too late,” she wrote.

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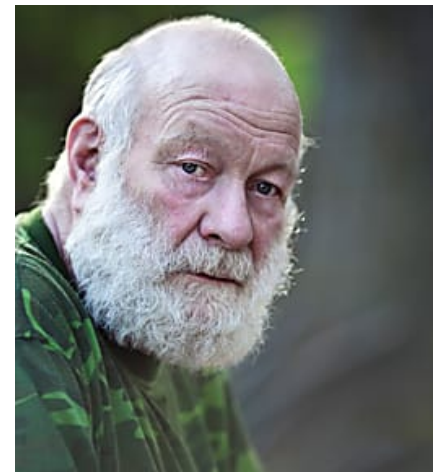
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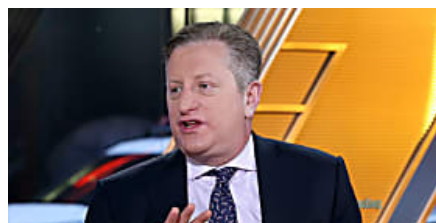
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