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Scot who predicted the recession takes no pleasure in being proved right

By James Millar



Jonathan is still gloomy about Britain's financial future

I said we were doomed — but nobody listened

THE first time Scots economist Jonathan Davis appeared on Jeremy Vine's Radio 2 show someone rang in and called him evil. That was almost two years ago when he warned that a housing crash was round the corner.

He was back on the airwaves last week, this time feted as one of a small and select band — folk who saw the economic crash coming. Jonathan toured TV and radio stations in 2007. He was a popular guest because while the good times rolled it was fun to listen to the nutty guy predicting economic apocalypse.

Trouble is, his predictions have all come true and now it's Jonathan smiling while customers of his wealth management business are laughing all the way to the bank (presumably not one of those that's nearly gone bust).

Record low

While Nationwide building society predicted house prices would rise in 2008 Jonathan went on *BBC News* and said they'd fall by a quarter.

On *Sky News* in September last year he predicted the stock market would fall a further 20 per cent. The next month it did.

In an appearance on *Tonight with Trevor McDonald* he said the Bank of England would have to slash interest rates — and two weeks ago rates hit a record low.

He said, "For years people laughed at me, now they say I must be happy that things have gone my way. It's not my way — I tried to stop it!

"I'm intellectually and professionally satisfied I was proved right but I went to the media with my message because I wanted to be able to sleep at night knowing I'd done what I could to warn people."

Glaswegian Jonathan (45) set up his business two years ago. He called it Armstrong Davis, not because he was in partnership with a Mr Armstrong but because he loved space travel as a child and was inspired by Neil Armstrong.

Media exposure was part of his plan. He explained, "I did it to help the business — when we receive referrals it lends the firm credibility when I show all the items I've been involved in and the predictions I made — but also because I had a point to make.

"At first it definitely stunted my company's development because very few people wanted to hear what I was saying."

So how come Jonathan saw the coming recession and others didn't?

"Lots of people saw we were running into a brick wall at 70 mph — the Government, the banks. But it wasn't in their interest to get the message out.

"The bankers are still getting their bonuses, the Government's still in power yet we're suffering the biggest financial hangover in history."

He's angry we've been allowed to get in the mess we're in.

Forget

"Fifteen years ago we came out of the biggest bust in history up to that point. How can people forget so quickly?

"Margaret Thatcher used to say she ran the government finances like a household, keeping a close eye on how much came in and how much went out. But recently households haven't been running their finances like a household!

"Politicians are good at spending other people's money and Gordon Brown was particularly profligate. The Government continues to borrow and we'll all pay or it for a generation."

Jonathan's been compared to Private Fraser, the dour *Dad's Army* Scot prone to predicting 'we're all doomed'.

There's certainly a possibility he just got lucky — if you predict a downturn for long enough you're bound to be right eventually. But Jonathan's predictions were made uncannily close to the point they came true, suggesting he has more than just luck on his side.

"I just joined the dots," he insists, "Others had their heads in the sand."

Harder

He says 2009 is going to be even harder than 2008. "It took 50 years to create the current bubble, it'll take 20-30 years to deflate it and bubbles never deflate gently.

"Inflation will rise and so will unemployment, we'll be hit harder than any other G10 nation.

"People on fixed pensions will see their income decimated.

"My best advice is if you're in work do everything you can to stay in work."

It's hard to believe Jonathan's a popular dinner party guest. Even on the topic of Barack Obama, whose election cheered folk the world over, he is gloomy. "Obama is going to bankrupt the US."

So perhaps Jonathan could lend his expertise to the world of politics?

"Politicians are all a shower," he declares.

"People vote for candidates that give them hope. That's not me."

Is there anything that can cheer him up?

"When London was under inches of snow it was picturesque, kids were sledging in the parks and it cost nothing.

"We need to get back to basics. You don't need to get into debt to have a good time — go to the park and play with a ball, read a book, play a board game.

"I do plenty to have a good time." Things may look dark now but one thing is for certain — it won't last for ever.

Added Jonathan, "I predicted the recession, I hope to be one of the first to spot the green shoots of recovery in the future."