

# Shortages

The world trading system is not functioning as well as it used to. What began as a result of shut downs of factories and shops from anti covid policies pursued in many countries has morphed into a more complex set of problems getting in the way of smooth continuous supply.

There are too many container ships sitting off California. China from time to time shuts down significant capacity at one or more of its major container ports to tackle another covid outbreak. There is a shortage of empty containers returning to the big exporting countries like China and Germany in time to be filled promptly with new orders.

There is a surprising shortage of people willing to take jobs in many places, despite the shock to employment brought on by covid lockdowns. We have discussed recently the shortage of truck drivers in many countries, where pay and conditions of employment have not proved attractive enough to recruit a new generation of enough people to do the job.

Individual materials and components have been forced into shortages by large expansions of demand. Microprocessors are the most obvious. The surge in demand for all things digital combined with the wish of the motor industry to turn a car into a kind of smartphone on wheels to induce a big shortage of chips . Timber was suddenly very scarce as housebuilding took off in several places. Oil went dearer as OPEC restrained the supply whilst demand picked up.

Central Banks assure us this will all be temporary and inflation will soon subside. The danger is if Banks keep on printing too many yen dollars and euros they will keep price pressures on. There is also some signs that lockdowns have lost us some capacity amongst the self employed and small businesses that serve us so well. Governments need to be more attentive to the ease of setting up or re opening small businesses so we tackle more of the shortages.