These are indeed weird times. Share prices are rising and so is the cost of crude oil, but the sense in financial markets is that the next crisis is just around the corner. The world is one recession away from a period of stagnation and prolonged deflation in which the challenge would be to avoid a re-run of the Great Depression of the 1930s. That fate was avoided in 2008-09 by strong and co-ordinated policy action: deep cuts in interest rates, printing money, tax cuts, higher public spending, wage subsidies and selective support for strategically important industries. But what would policymakers do in the event of a fresh crisis? Would they double down on measures that have already been found wanting or go for something more radical? Ideas are already being floated, such as negative interest rates that would penalise people for holding cash, or the creation of money by central banks that would either be handed straight to consumers or used to finance public infrastructure, also known as "people's QE".

Larry Summers, the former US Treasury secretary, makes the point that since 2008, the main tool for simulating activity has been monetary policy – a combination of lower interest rates, cheaper currencies and QE – but this is largely played out. Jean-Claude Trichet, the president of the European Central Bank when Lehman Brothers went bust in 2008, believes that an over-reliance on ultra-loose monetary policy is creating the conditions for the next crisis.

In many ways, this feels like the summer of 2007, before the markets froze up but when some of the malign consequences of the over-lax regulation of the financial markets were becoming apparent. It also bears some resemblance to the period in the late 1970s between the first and second oil shocks when what looked like a solid enough recovery was built on the shakiest of foundations. Back then, policymakers pulled all the levers they thought would see the return of non-inflationary growth only to find that the respite was brief.

The inability of any part of the world economy to achieve sustainable escape velocity looks like a case of history repeating itself. Summers says the answer is to accept that fiscal policy – taxes and public spending – have a bigger role to play.

Summers says that rules for annual budget deficits and government debt ratios should be rethought. "Long-term low interest rates radically alter how we should think about fiscal policy. Just as homeowners can afford larger mortgages when rates are low, government can also sustain higher deficits."

The IMF agrees. In a thinly disguised dig at Germany, it used last week's World Economic Outlook to call on those countries with capacity to loosen fiscal policy to boost demand. For the moment, these calls are likely to fall on deaf ears, but as quickly became clear in late 2008, orthodoxy goes out of the window in a crisis.

Trichet thinks structural reform is the answer, although his paper is a bit hazy on what sort of changes he would like to see. Structural reform is certainly part of the solution, but not if it means a continuation of policies that are clearly not working.

Three of the big structural changes to the global economy have brought us to the current parlous position. The first, as Charles Goodhart has explained in a recent paper for Morgan Stanley, is that the size of the global labour force expanded rapidly in the last quarter of the 20th century. In part this was due to demographics, with the baby-boomer generation increasing the working age population. In part, it was due to the advent of China and eastern Europe entering the global economy after 1990.

If the supply of something rises, its price will fall. In the case of labour, that means wages have come under downward pressure. The abundance of cheap workers has meant companies have been able to substitute labour for capital, resulting in lower investment rates and a downward trend in global interest rates.

Lower global interest rates have led to a second big change: the increased financialisation of the global economy, which has manifested itself in an enlarged role for banks, shadow banks and hedge funds; asset price bubbles; and rising debt levels.

The squeeze on real wages has also meant weaker inflationary pressures, keeping interest rates low. It has been a golden age for independent central banks.

This golden age is now at an end. The days when central banks could give the odd tweak to interest rates to keep inflation on target are over. Having told the world that they could fix the crisis, their reputations are on the line.

Goodhart believes slower population growth and ageing populations will alter the balance of power in the labour market. Workers will become scarcer and more valuable. Wages will rise and companies will have the incentive to invest more, raising productivity. In contrast to Thomas Piketty, Goodhart thinks the outlook is for less inequality as labour's bargaining position relative to capital becomes stronger.

But perhaps not yet. Ultra-loose monetary policy, together with tighter supervision of the financial sector, was supposed to minimise the risks of another crash while ensuring that plentiful supplies of cheap money boosted real activity.

The opposite has occurred. Wages, productivity and growth have been poor even as investors have taken bigger and bigger risks in the search for high returns. In Trading Places, the Duke brothers get their just desserts. In real life, they have been allowed to take us to the brink of ruin for the second time in less than a decade.