The Gathering Storm
Our World at the Crossroads
LTG predicted BAU end of economic growth circa 2010

BAU continued. 30-year independent update in 2010 showed the 1974 predicted trends remarkably on course. This provides the background to our current economic situation as outlined in this presentation.

Economic Growth 2019
The Gathering Storm
Our World at the Crossroads

Snapshots of a Financial and Economic System in Decline

GNS Economics. June 2019 Tuomas Malinen PhD (econ), CEO of GNS Economics and an Adjunct Professor of Economics at the University of Helsinki. He specialises in economic growth, economic crises, business cycles, monetary unions and central banks.

“The world economy has not been in a more precarious situation in over a decade. Growth is faltering everywhere, with the Eurozone flirting with recession, while central banks have returned to monetary easing after just one year of global tightening. It is imperative to appreciate the exceptionality of the situation. Never before has the world gone into recession with interest rates so low and with the balance sheets of central banks so massive. This time truly is "different".

What happens, when weak European banks start to topple due to recession and the credit markets falter with central banks already fully-engaged in desperate resuscitation measures? There’s likely to be just one word to describe it: mayhem. Why are people not more worried, then? It’s probably because of a sophisticated façade promoted by central banks and mainstream economists which emphasizes the ability of central banks to control the situation. This is a dangerous fallacy. No one dares to look at the facts—or if they do, they dismiss them. Denial is a powerful force.

The fact is that monetary policy is running on empty, at least in the Eurozone, and governments can provide only limited fiscal stimulus. We’ve reached the end. There’s nothing left to do than prepare for the crisis and wait. And, to be very afraid."
“I have been sounding the alarm of a major economic crisis that may hit globally by the year 2020. Contrary to some expert analyses, I have good reason to believe that the new crisis is going to be much more devastating than the 2008 one, which was described by Ben Bernanke, the chair of the Federal Reserve (Fed) at the time, as “the worst financial crisis in global history”. Most likely, and like the previous one, this crisis will start in the United States.

We need vision, courage and cross-societal active participation by all public, private and civil organisations and citizens. I do, and very strongly, urge all esteemed governments to take this warning seriously and plan well before it becomes too late.”
“Unsustainable financial/energy/economic/resource trends are propelling us into an uncertain future.

The prime culprits are:

- The Debt-with-Interest Global Financial System
- Declining EROI/Net Energy/Surplus Energy
- Resource Depletion and Environmental Degradation
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Global debt rapidly rising now $35,000 per person globally!

World debt hits record $247 trillion

Global debt rose to a record $247 trillion in the year to the end of March, piling pressure on emerging markets. World debt has surged almost $150 trillion over the past 15 years.

Global debt (1st quarter, US$ trillions*)
- Household
- Non-financial corporate
- Government
- Financial

2008: Following global financial crisis, households, businesses and governments in emerging markets (EM) more than double their foreign currency borrowing

2018: After decade-long borrowing binge, EM debt hits $58.5 trillion, 84.3% of total $69.4 trillion increase since 2008

Source: Institute of International Finance
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Since the 1980, global debt has been growing faster than economic growth (GDP) and the pace is accelerating.
Since the 1980s, global debt has been growing faster than economic growth (GDP) and the pace is accelerating.
Since 2008 the major central banks have printed (QE) over $17 trillion of new debt causing debt as % of global GDP to rise from 18% to over 40% GDP. It now requires over $3.50-$4.00 of new debt to create 1$ GDP growth. At the same time QE plus record low interest rates (and a further $17 trillion of negative interest rate bonds) has resulted in the inflation of global asset bubbles to record levels, comprising bonds, stocks/equities and real estate.

There has been NO RECOVERY since 2008. Banks have simply printed money at a rate which continues to this day. To this has been added the use of zero and negative interest rates

In 2019 these trends continue to accelerate
Since 1980, global debt has been growing faster than economic growth (GDP) and the pace is accelerating.
Global debt and interest rates operate inversely. As debt-gdp ratio increases, interest rates MUST decline to stimulate the economy and enable the creation of further debt. Without real economic growth to payback debts, any attempt by global central banks to increase interest rates against the long-term decline trend, must fail. The global economic system has become unsustainable.
US debt and interest rates: inexorable trends from which there is no escape. Every attempt to raise interest rates against this trend since 1980 has ALWAYS led to recession.
QE by the US Fed (and by all major central banks globally), has resulted in the creation of asset bubbles in all major financial sectors such as stocks, corporate bonds, real estate and private debt. These are at record all-time high levels. The US stock market (SP500) is particularly exposed.
The US economy is increasingly an illusion fabricated by financial engineering.
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The Real Economy:
Absolutely NO Recovery since 2008. Deduct debt from GDP Growth – US Economy is contracting. This equally applies to Europe.

[Graphs showing cumulative GDP growth less federal debt issuance and total debt owed over time.]
The Real Economy.
This situation equally applies to Europe. As a result social unrest is growing; UK=Brexit, France=YellowVests, Greece=social deprivation on a large scale.
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AND SOON – NO AMOUNT OF DEBT WILL INCREASE GDP

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**Increase in Real GDP per Dollar of Incremental Debt**

<table>
<thead>
<tr>
<th>Period</th>
<th>Increase in Real GDP per Dollar of Incremental Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947-52</td>
<td>4.61</td>
</tr>
<tr>
<td>1953-84</td>
<td>0.63</td>
</tr>
<tr>
<td>1985-2000</td>
<td>0.24</td>
</tr>
<tr>
<td>2001-2012</td>
<td>0.08</td>
</tr>
</tbody>
</table>

*Source: Ned Davis Research, Gary Shilling, Federal Reserve*
Snapshots of a Financial and Economic System in Decline

Global Manufacturing Index
2016 to present
US and Germany contracting
October 2019
Zero Hedge

World Trade
1992-2018
Netherlands Bureau Economic Policy
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Warning Recession Approaching
RABO Bank October 2019

Figure 2: Probability of recession at 17 month horizon

Source: Rabobank
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The Destruction of the European Banking Sector

“For some reason, the dire situation of European banks is not causing alarm. This is strange, as it is the exact place where the new global banking crisis is likely to start. What makes it even stranger is that recession is approaching the Eurozone, and the “zombified” European banking sector is unlikely to be able to cope with it. Because of its vast size (banking sector assets are some 240% of the GDP of the Eurozone), the European banking crisis will spread. This is why everyone should be worried. (GNS Economics Sept 2019)
This equates to over €44,000 for every man, woman and child in the Republic.

Costs of servicing the debt pile are considerable, €60bn in interest over the past decade, resulting in reduced state services and ability to spend on infrastructure.

Whatever way you look at it, at €215 billion, Ireland’s national debt is massive and leaves us dangerously exposed if the global economy dips into recession.
State’s €215bn debt burden leaves us exposed to global recession
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**Conclusion**

*Irish Times 08-10-19*
State’s €215bn debt burden leaves us exposed to global recession

National Debt Ireland Debt Clock
How Much National Debt Does Ireland Have?

Eu 229,147,245,817 (On 14-10-19 at 22.30)

Now its…………..

[https://commodity.com/debt-clock/ireland/](https://commodity.com/debt-clock/ireland/)