Most "Prestigious" Financial Agencies Say Global Economy is in Real Trouble

Bad Government Policy Has Made It Likely We'll Have a New Financial Crisis

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The head of the world's most prestigious financial body, the "Central Banks' Central Bank" – The Bank for International Settlements – said recently the global financial system is currently "more fragile" in many ways than it was just prior to the collapse of Lehman Brothers, and that debt ratios are now far higher.

The World Bank, the highly-regarded Organization for Economic Co-operation (OECD) and Development and the International Labor Organization jointly warned that "there is a global jobs crisis", and that the weak labor market performance is also threatening economic recovery because it is constraining both consumption and investment, since "Jobs are a foundation for economic recovery."

And the recent edition of the Geneva report – "an annual assessment informed by a top drawer conference of leading decision makers and economic thinkers" – finds that the "poisonous combination" of spiraling debts and low growth could trigger another crisis. The report also notes:

> Contrary to widely held beliefs, the world has not yet begun to de-lever and the global debt to GDP ratio is still growing, breaking new highs.

And as the Telegraph puts it:

> On a global level, growth is being steadily drowned under a rising tide of debt, threatening renewed financial crisis, a continued squeeze to living standards, and eventual mass default.

(A number of billionaires also believe a crash is imminent.)

This is not surprising …

The Bank for International Settlements has been warning for years that the U.S. and other Western countries have been using all of the wrong approaches to fix the economy.

Instead of helping to reduce unemployment, bad government policy has made it *much worse*. And seehere and here.

Excessive leverage was one of the main causes of the 2007-2008 crisis … and yet governments responded by encouraging *more* leverage.

And bad government policy has driven the entire world into debt.

Indeed – instead of fixing any of the real problems which led to the 2007 crisis – governments on both sides of the Atlantic have simply tried to paper over them. It's pretty clear how this movie is going to end …

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