

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

By [Washington's Blog](#)

Theme: [Global Economy](#)

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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 see [here](#) 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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