REVOLUTION REQUIRED

THE TICKING TIME BOMBS OF THE G7 MODEL

G7 DEBT DRIVEN GROWTH MODEL: FISCAL POLICIES

- WITH THE EXCEPTION OF GERMANY, G7 GOVERNMENTS HAVE MOVED TOWARDS LAX FISCAL POLICIES.THIS IS REFLECTED IN THE 2017 GENERAL GOVERNMENT GROSS LIABILITIES AS PERCENT OF GDP, AS CALCULATED BY THE OECD:

COUNTRY	Government Debt to GDP in 2017
Canada	97%
France	124%
Germany	72%
Italy	157%
Eurozone	107%
Japan	221%
United Kingdom	121%
United States	105%

THE UNITED STATES' IRRESPONSIBLE FISCAL POLICY: THE DEBT CEILING THEATER

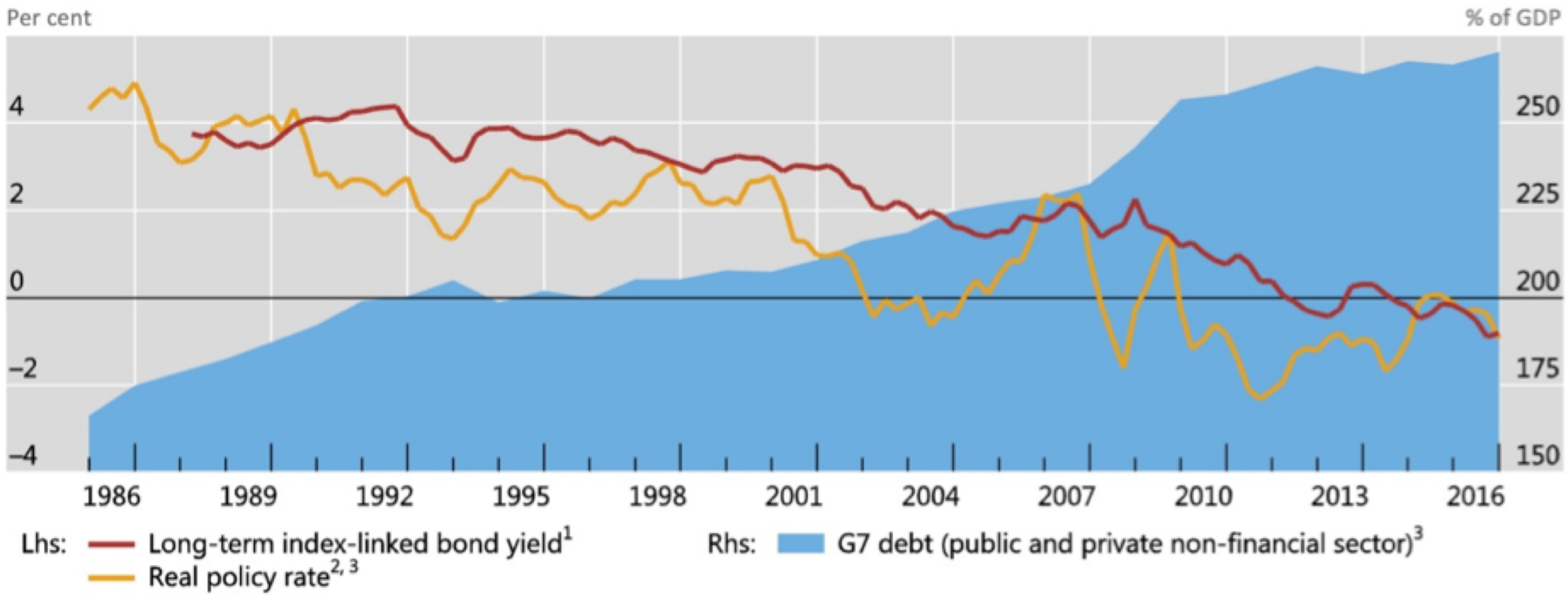
- OVER TIME THE UNITED STATES ,HAVING THE EXORBITANT PRIVILEGE TO EXEMPT THEMSELVES FROM ANY PAINFUL ADJUSTMENT TO CURB THEIR TWIN DEFICITS, HAVE EXPORTED TO OTHER G7 COUNTRIES THEIR RECKLESS APPROACH TO FISCAL POLICY.GERMANY ALONE HAS BEEN ABLE TO RESIST.
- THE US ADMINISTRATION MULTIPLIES NEW EXPENDITURE AND TAX CUTS BY TRILLION DOLLARS, WITH NO FUNDING OTHER THAN MORE DEBT : A 1.5 TRILLION TAX REFORM ; A 1.5 TRILLION INFRASTRUCTURE PLAN;A COLOSSAL INCREASE OF THE PENTAGON BUDGET HEADING TOWARDS MORE THAN 700 BILLION PER YEAR ETC…THE OTHER G7 COUNTRIES DO NOT OBJECT TO THIS OPENING OF THE FLOODGATES.AND THE PARTY GETS GOING.
- THIS RECKLESS BEHAVIOUR,LEADING TO A US FISCAL DEFICIT PROJECTED TO BE AROUND 1 TRILLION USD IN 2019, WOULD NOT BE POSSIBLE WITHOUT THE PERMISSIVE MONETARY POLICY CONDUCTED BY THE FED SINCE 2009,THE SILENCE OR COMPLACENCY OF THE BIG THREE US BASED RATINGS AGENCIES, AND THE IMF BLESSING, BY VIRTUE OF THE EXORBITANT PRIVILEGE DUE TO THE ANCHOR OF THE INTERNATIONAL MONETARY SYSTEM.
- WHAT IS EXTREMELY DISTURBING IS THE BIPARTISAN COMPLACENCY SHOWN RECENTLY IN THE DEBT CEILING THEATER: FIRST A DRAMATISATION OF THE SHUTDOWN ,THEN NEGOCIATIONS AMONG POLITICIANS AND ULTIMATELY AN INCREASE OR SUSPENSION OF THE DEBT CEILING,THE SHOWDOWN ALWAYS ENDING UP WITH…MORE SPENDING AND MORE DEBT.

G7 CENTRAL BANKS HAVE BECOME THE FACILITATORS OF UNFETTERED DEBT ACCUMULATION:THE SORCERERS' APPRENTICES

- IN THE CURRENT G7 DEBT DRIVEN GROWTH MODEL, ALL THE INCENTIVES ARE IN PLACE FOR UNFETTERED DEBT ACCUMULATION:
- NEAR ZERO OR NEGATIVE NOMINAL INTEREST RATES ARE A HUGE INCENTIVE TO BORROW AS THE INTEREST RATE IS THE PRICE OF LEVERAGE IN AN ECONOMY
- WITH THE NEGATIVE NOMINAL INTEREST RATES, GOVERNMENTS IN CONTINENTAL EUROPE ARE SUBSIDIZED WHEN BORROWING. EXTREME MONETARY POLICIES HAVE DESTROYED ANY INCENTIVE TO FISCAL RECTITUDE.
- NON BANK CORPORATIONS ARE NOW ROUTINELY USING THE ULTRA LOW INTEREST RATE ENVIRONMENT TO BUY BACK THEIR OWN SHARES, THUS INCREASING LEVERAGE AND DETERIORATING DELIBERATELY THEIR GEARING RATIOS TO PLEASE THEIR SHAREHOLDERS.
- G7 TOTAL DEBT IS NOW (Q3 2017) AROUND **100 TRILLION USD**.TOGETHER THE US,THE UK, CANADA, JAPAN,AND THE EUROZONE ACCOUNT FOR **64% OF THE WORLD TOTAL DEBT**.

INTEREST RATES SINK ,DEBT SOARS: THE G7 DEBT TIME BOMB

Interest rates sink as debt soars



[1] From 1998, simple average of FR, GB and US; otherwise only GB. [2] Nominal policy rate less consumer price inflation. [3] Weighted average of G7 economies based on rolling GDP and PPP exchange rates.

Sources: IMF, *World Economic Outlook*; OECD, *Economic Outlook*; national data; BIS calculations.

G7 EXTREME MONETARY POLICIES SINCE 2012 UNDERMINE THE FOUNDATIONS OF THE MARKET ECONOMY

- CENTRALLY PLANNED FINANCIAL MARKETS:

  THE DISTORTION OF ALL ASSET PRICES BY CENTRAL BANK INTERVENTION IN THE PAST SIX YEARS HAVE INTRODUCED A SIGNIFICANT ELEMENT OF A COMMAND ECONOMY IN G7 COUNTRIES, WHICH HAVE MOVED TOWARDS A REGIME OF “CENTRALLY PLANNED FINANCIAL MARKETS”.
- BREAK UP OF KEY ELEMENTS OF THE MARKET ECONOMY MODEL

  THE G7 MODEL IS NO LONGER COMPLYING WITH A TEXTBOOK MARKET ECONOMY MODEL. LONG TERM INTEREST RATES ARE MANIPULATED AND ARE NO LONGER REFLECTING FUNDAMENTALS. SPREADS ARE ARTIFICIALLY COMPRESSED. MEASURE OF RISKS IS DISTORTED. VALUATIONS OF ALL ASSET CLASSES ARE DEEPLY DISTORTED AND EMBELLISHED BY APPLYING ULTRA LOW DISCOUNT RATES TO THE FUTURE CASH FLOWS GENERATED BY STOCKS, BONDS OR REAL ESTATE. SOVEREIGN RISK IN ADVANCED ECONOMIES IS DELIBERATELY MISPRICED WITH THE FICTITIOUS ZERO RISK WEIGHT FOR G7 SOVEREIGNS EMBEDDED IN BANK REGULATION.

THE "EVERYTHING BUBBLE" ENGINEERED BY G7 CENTRAL BANKS IS READY TO BURST

- AN UNPRECEDENTED ASSET PRICES BUBBLE HAS RESULTED FROM SEVEN YEARS OF NEAR ZERO OR NEGATIVE INTEREST RATES : G7 MONETARY POLICIES ARE A COMMON FACTOR TO MOST OF THE SPECULATIVE EXCESSES OBSERVED IN BONDS, STOCKS, REAL ESTATE…
- SERIAL BUBBLES:"THE FEDERAL RESERVE HAS DEALT WITH THE BURSTING OF EVERY ASSET BUBBLE OF THE LAST 20 YEARS BY CREATING ANOTHER ,LARGER BUBBLE" (Graham Summers)
- SINCE 2012 G7 CENTRAL BANKS ARE NO LONGER SEEN AS ABLE TO "TAKE AWAY THE PUNCHBOWL WHEN THE PARTY GETS GOING".
- ASSET PRICE INFLATION ENGINEERED BY CENTRAL BANKS IS A KEY DRIVER OF THE RISE IN INEQUALITY
- THE EVERYTHING BUBBLE OF ASSET PRICES IS ANOTHER TICKING TIME BOMB OF THE G7 MODEL

G7 CENTRAL BANKS FROM QUANTITATIVE EASING TO PUBLIC DEBT MONETISATION?

- THE MOST SCARY ASSET PRICE BUBBLE IS THE BOND BUBBLE WITH CURRENTLY THREE G7 COUNTRIES HAVING NOMINAL 10 YEAR BOND YIELDS COMPRISED BETWEEN 0 AND 1%: JAPAN,GERMANY AND FRANCE.
- THE "NEW MAINSTREAM" THINKING IN MAJOR ADVANCED ECONOMIES IS THAT UNLIMITED PURCHASES OF GOVERNMENT BONDS BY CENTRAL BANKS CAN POSTPONE THE DAY OF RECKONING AND "SOLVE" THE PUBLIC DEBT OVERHANG PROBLEM. ALTHOUGH CENTRAL BANKS HAVE MADE IT VERY CLEAR THAT LARGE SCALE GOVERNMENT BOND PURCHASES ARE A *TEMPORARY* MEASURE TAKEN FOR MONETARY POLICY REASONS, GOVERNMENTS, ACADEMIC CIRCLES AND THE MARKET LITERATURE ARE SURREPTITIOUSLY SLIPPING INTO A DIFFERENT CONCEPT – THAT OF A *PERMANENT* INTERVENTION OF CENTRAL BANKS IN GOVERNMENT BOND MARKETS. THIS IS SEEN AS A WAY TO SOLVE THE SOVEREIGN DEBT CRISIS IN MAJOR ADVANCED ECONOMIES, BY TRANSFERRING A GROWING PART OF GOVERNMENT DEBT TO CENTRAL BANK BALANCE SHEETS.
- 43 PER CENT OF G7 GOVERNMENT BONDS IN MAJOR RESERVE CURRENCIES ARE NOW HELD BY CENTRAL BANKS AND OTHER PUBLIC ENTITIES
- BY TRANSFORMING QUANTITATIVE EASING INTO A PERMANENT MONETARY POLICY TOOL, G7 CENTRAL BANKS ARE AT RISK OF HEADING TOWARDS THE SLIPPERY SLOPE WHICH ULTIMATELY LEADS TO GOVERNMENT DEBT MONETIZATION.

G7 CENTRAL BANKS AT THE CROSS ROADS: NORMALISATION OR DEBT MONETISATION?

- HAVING TO BEAR THE CONSEQUENCES OF THEIR BOLD EXPERIMENT,G7 CENTRAL BANKS ARE FACING A DILEMMA .THEY HAVE TO CHOOSE BETWEEN TWO STYLISED SCENARIOS,WHICH ARE BOTH HIGHLY RISKY**: POLICY NORMALISATION OR GOVERNMENT DEBT MONETIZATION ?**
- G7 CENTRAL BANKS ARE LIKELY TO LOOK FOR A MIDDLE OF THE ROAD APPROACH ,AVOIDING A CLEAR RESPONSE TO THE DILEMMA.SOME ARE TEMPTED TO BUY TIME BY TALKING ABOUT NORMALISATION WITHOUT EFFECTIVELY IMPLEMENTING IT.A LOT OF CONFUSION PERSISTS ON THE REAL INTENTION OF THE ECB WHEN IT COMES TO NORMALISATION.
- IT LOOKS AS IF , FOR THE TIME BEING, THE FED AND THE BANK OF CANADA ARE RIGHTLY LEANING TOWARDS NORMALIZATION ,ALBEIT AT A SLOW PACE , WHILE THE ECB AND THE BANK OF JAPAN ARE DANGEROUSLY HEADING TOWARDS A CONTINUATION IN A WAY OR ANOTHER OF THE DEBT MONETIZATION EXPERIMENT.

G7 CENTRAL BANKS AT THE CROSS ROADS: POLICY NORMALISATION OR PUBLIC DEBT MONETISATION?

- HERE IS THE DILEMMA:
- G7 CENTRAL BANK' **POLICY NORMALISATION** IS THE ONLY OPTION CONSISTENT WITH THEIR MANDATE AND WITH A RETURN TO THE RULES OF A MARKET ECONOMY.BUT WHEN G7 CENTRAL BANKS EVENTUALLY EXIT FROM THEIR UNCONVENTIONAL POLICIES, THEY WILL CONTRIBUTE TO THE BURSTING OF THE ASSET PRICE BUBBLES ENGENDERED BY THEIR MONETARY EXPERIMENT. THIS COULD WELL BE THE WORST FINANCIAL CRISIS EVER EXPERIENCED, AS THE LEVEL OF DEBT AND THE ARTIFICIAL LEVEL OF ASSET PRICES HAVE NO PRECEDENT.
- BUT AN EVEN WORSE SYSTEMIC CRISIS WOULD RESULT FROM THE CONTINUATION OF CURRENT UNCONVENTIONAL POLICIES LEADING CENTRAL BANKS TO CROSS THE RUBICON OF **GOVERNMENT DEBT MONETISATION**. THE PERPETUATION OF THESE POLICIES, WITH THEIR ZERO OR NEGATIVE INTEREST RATE POLICY AND LARGE-SCALE PURCHASES OF GOVERNMENT DEBT, WOULD ENCOURAGE FISCAL DEFICITS AND THE CONTINUED EXPANSION OF PUBLIC DEBT. PUBLIC DEBT MONETISATION, THROUGH THE TRANSFER OF ALWAYS MORE GOVERNMENT BONDS ON G7 CENTRAL BANKS BALANCE SHEETS, WOULD DESTROY THE MARKET ECONOMY AS IT WOULD PAVE THE WAY FOR AN UNLIMITED EXPANSION OF THE PUBLIC SECTOR. THROUGH EXTREME MONETARY POLICY STIMULUS, CENTRAL BANKS HAVE INADVERTENTLY UNDERMINED FISCAL DISCIPLINE AND ENCOURAGED THE G7 GOVERNMENTS TO ISSUE EVER MORE DEBT ,RELYING ON THE PRESUMPTION THAT THE G7 CENTRAL BANKS ARE READY TO MONETISE THIS DEBT.

FEDERAL RESERVE MONETARY POLICY FAR BEHIND THE CURVE

- The United States have been the originators of the reckless monetary policies, based on near zero interest rates and quantitative easing, that were subsequently adopted by all G7 countries since 2012.But at least the FED has recently taken a few, very limited, steps in the direction of monetary policy normalization. However, despite commendable steps in the right direction, the FED remains **well behind the curv**e. Applying the Taylor rule, the Fed Funds rate should be at least 3%.

  - US GDP GROWTH RATE 2017: 2.5 %
  - US CPI INFLATION 2017: 2.2% (FEBRUARY 2018)
  - CURRENT POLICY RATE (FED FUNDS): 1.50 to 1.75%

THE ECB'S EXTREME MONETARY POLICY IS NOW OUT OF LINE WITH ECONOMIC FUNDAMENTALS

THE ECB'S EXTREME MONETARY POLICY IS NOW DISCONNECTED FROM ECONOMIC FUNDAMENTALS.IN THE CONTEXT OF A GDP GROWTH RATE OF 2.5 % AND AN INFLATION RATE OF 1.4 % IN THE EUROZONE , THE ECB STANCE OF KEEPING NOMINAL SHORT TERM INTEREST RATES IN NEGATIVE TERRITORY IS A GIGANTIC ANOMALY: ECB IS NOT JUST BEHIND THE CURVE .THE EUROZONE MONETARY POLICY RESULTING FROM THE 2012 TURNING POINT IS, TODAY, "OUT OF THE BOX".APPLYING A SIMPLE TAYLOR RULE WOULD SET THE MAIN ECB POLICY RATE AT MORE THAN 2.5%.

INFLATION HICP 2017:	1.4 %	
GDP GROWTH 2017:	2.5%	
EURIBOR 3 MONTHS:	-0.33 %	NEGATIVE NOMINAL INTEREST RATE !
GERMAN GOVT BOND RATE 2 YEARS:	-0. 60 %	NEGATIVE NOMINAL INTEREST RATE !
ECB POLICY RATES:	0 % (MRO); -0.4 % (DEPOSIT RATE)	

LIKEWISE, THE BANK OF JAPAN ALSO REJECTS ANY EXIT FROM CURRENT EXTREME MONETARY POLICY

THE FRENCH GERMAN DEBT DECOUPLING,NEXUS OF THE EUROZONE CRISIS

TOTAL DEBT TO GDP as of 2017 Q3

- GERMANY : 178%
- FRANCE: 303%
- GREECE: 296%
- ITALY: 263%
- SPAIN: 270%
- EUROZONE: 260% / EUROZONE EXCLUDING GERMANY: 295 %

Source: BIS

THE ECB IN THE TRAP OF PUBLIC DEBT MONETISATION?

- HOW TO EXPLAIN THE ANOMALY OF THE CURRENT ECB STANCE? THE ANXIETY ABOUT THE POSSIBLE REPETITION OF THE 2011 EUROZONE SOVEREIGN DEBT CRISIS IS THE MOST LIKELY EXPLANATION OF THE ANOMALY. THE SPECTACULAR DIVERGENCE OF THE DEBT ACCUMULATION BY FRANCE AND GERMANY IS A MAJOR DEVELOPMENT IN THAT RESPECT.
- SINCE 2011, TOTAL DEBT TO GDP HAS INCREASED MODERATELY FOR THE EUROZONE AS A WHOLE FROM 253% IN 2011 TO 260% IN 2017.BUT THIS AGGREGATE NUMBER IS MISLEADING BECAUSE IT RESULTS FROM THE NET EFFECT OF A SUBSTANTIAL DECLINE IN THE TOTAL DEBT TO GDP IN GERMANY (FROM 193% IN 2011 TO 178% IN 2017) AND A SHARP INCREASE IN FRANCE (FROM 262% IN 2011 TO 303% IN 2017),BELGIUM (FROM 306% IN 2011 TO 338% IN 2017) AND ITALY (FROM 237% IN 2011 TO 263% IN 2017).
- IN THE LATEST BIS STATISTICS, THE TOTAL DEBT OF THE EUROZONE IS AT 260% OF GDP, GERMANY INCLUDED. BUT THE TOTAL DEBT OF THE EUROZONE **EXCLUDING GERMANY** REPRESENTS AROUND 295% OF GDP. THIS MEANS THAT, GIVEN THE CONSISTENT POSITION OF THE GERMAN GOVERNMENT TO REJECT ANY TRANSFORMATION OF THE EUROZONE INTO A TRANSFER UNION, A HUGE PRESSURE WILL BE EXERTED ON THE ECB GOING FORWARD TO CONTINUE ITS MASSIVE GOVERNMENT BONDS PURCHASES TO AVOID THE SOVEREIGN SPREADS WIDENING IN THE EUROZONE.

THE LACK OF INTEGRITY OF THE GLOBAL FINANCIAL SYSTEM

- G7 MONETARY POLICY CAPTURE BY FINANCIAL MARKETS:FINANCIAL DOMINANCE
- REGULATORY CAPTURE BY LARGE BANKS AND FINANCIAL INDUSTRY:THE CASE OF THE LEVERAGE RATIO

THE LACK OF INTEGRITY OF THE GLOBAL FINANCIAL SYSTEM (continued)

- TWO SERIOUS EXAMPLES OF G7/EU REGULATORY FAILURES: ZERO RISK WEIGHT FOR SOVEREIGNS IN BANK REGULATION OF CREDIT RISK; NO PILLAR 1 CAPITAL CHARGE FOR THE INTEREST RATE RISK IN THE BANKING BOOK
- BIG THREE RATINGS AGENCIES: A CLEAR BIAS IN FAVOR OF G7 COUNTRIES; HIGH DEBT,HIGH RATING.

CARBON FUELLED GROWTH MODEL :THE GLOBAL WARMING TIME BOMB

- IT IS NOW RECOGNIZED THAT HUMAN BURNING OF FUEL RELEASES CO2 INTO THE ATMOSPHERE AND THAT THE RESULTING CO2 CONCENTRATIONS ARE DIRECTY LINKED WITH GLOBAL WARMING ON THE EARTH
- 2015 PARIS AGREEMENT : KEEP THE INCREASE IN THE GLOBAL AVERAGE TEMPERATURE WELL BELOW 2°C ABOVE PREINDUSTRIAL LEVELS. THIS IS A STATEMENT OF GOODWILL BUT IT SETS NEITHER EMISSION CAPS,NOR A MINIMUM PRICE OF CARBON.
- G7 COUNTRIES ARE NOT RESPONDING SERIOUSLY TO THE GLOBAL WARMING THREAT:
  - THE US, AFTER NOT HAVING RATIFIED THE 1997 KYOTO PROTOCOL, HAVE WITHDRAWN FROM THE 2015 PARIS ACCORD
  - THE EUROPEAN UNION RUNS A FLAWED CLIMATE CHANGE POLICY,AS REFLECTED IN THE UNSATISFACTORY FUNCTIONING OF THE CARBON TRADING SCHEME (ETS) INTRODUCED IN 2005 .
- WHAT IS REQUIRED IS A NEW APPROACH COMBINING A CAP ON GHG EMISSIONS,AND A GLOBAL CARBON TAX, REPRESENTING A UNIFORM MINIMUM PRICE FOR CO2 EMISSIONS AND REPLACING THE FLAWED CARBON TRADING SCHEME

FLAWED EU CARBON TRADING SYSTEM

CARBON PRICE 2008/2018 IN EUROS PER TON

(Ecx Eua futures ,wiki continuous futures,quandl.com)

G7 INCREASING AGRESSIVENESS IN INTERNATIONAL RELATIONS

- GLOBAL FREE MARKET ECONOMY MODEL LESS AND LESS APPLIED BY THE G7 COUNTRIES THEMSELVES: GLOBALISATION GIVES WAY TO INCREASING FRAGMENTATION.
- ECONOMIC WAR IS DECLARED:GEOPOLITICAL MOTIVATIONS ARE EXPLICITELY PUT BY THE TRUMP ADMINISTRATION AT THE HEART OF ECONOMIC POLICY DECISIONS: EXEMPTION OF TARIFFS ON STEEL AND ALUMIN ARE GRANTED TO "US ALLIES". . EUROPEAN UNION BEGGING FOR EXEMPTION FROM US TARIFFS INSTEAD OF DEFENDING FREE TRADE PRINCIPLE
- TRADE WAR: WTO RULES BECOME USELESS IF EACH COUNTRY CAN OPPOSE A" NATIONAL SECURITY" CLAUSE AS A JUSTIFICATION OF IMPORT TARIFFS (ALUMINE,STEEL
- CURRENCY WARS THROUGH COMPETITIVE EASING OF MONETARY POLICY,
- GROWING US SANCTIONS USING THE EXORBITANT PRIVILEGE OF EXTRATERRITORIALITY,FUELLING CONFRONTATION AND POLITISATION OF ECONOMIC MATTERS
- CHINA,RUSSIA,IRAN,,VENEZUELA….HAVE TO TAKE MEASURES TO INSULATE FROM SANCTIONS:THE RECURRING THREAT OF A BAN FROM THE SWIFT MESSAGING PAYMENT SYSTEM LEADS COUNTRIES TO THINK OF NEW PAYMENTS SYSTEMS BASED ON BLOCKCHAIN TECHNOLOGY

MOUNTING FRAGILITY OF THE DOLLAR LED INTERNATIONAL MONETARY SYSTEM

- WEAK ANCHOR OF THE INTERNATIONAL MONETARY SYSTEM: SDR INTEREST RATE AS OF SEPTEMBER 2016 WAS <u>MINU</u>S 0.05%
- SINCE THE END OF THE DOLLAR'S LINK TO GOLD, THE DE FACTO GLOBAL ANCHOR OF THE SYSTEM IS SIMPLY THE AGGREGATE OF THE DOMESTIC MONETARY POLICIES OF THE G7 RESERVE CURRENCIES WITH A DOMINANT ROLE PLAYED BY THE US DOLLAR. TRIFFIN'S CRITICISM OF AN INTERNATIONAL MONETARY SYSTEM EXCLUSIVELY BASED ON NATIONAL MONETARY POLICIES REMAINS VALID.BUT IT IS EVEN WORSE TODAY IN THE CONTEXT OF G7 ULTRA ACCOMMODATIVE MONETARY POLICIES.
- THE US DOLLAR,ALTOUGH BY FAR THE DOMINANT RESERVE CURRENCY, IS A WEAK ANCHOR OF THE IMS, NO LONGER BACKED BY GOLD , CRIPPLED BY A NEAR 50 TRILLION TOTAL DEBT,RUNNING AN 8 TRILLION NEGATIVE NET INTERNATIONAL INVESTMENT POSITION ,WITH THE TRUMP ADMINISTRATION SUSPECTED TO FAVOR A WEAK DOLLAR
- US GET NERVOUS ABOUT THE RISE OF THE CHINESE YUAN AS A POTENTIALLY LARGE RESERVE CURRENCY (CURRENTLY ONLY 1%).CHINA JUST LAUNCHED A FEW DAYS AGO A YUAN DENOMINATED OIL FUTURES CONTRACT:THIS IS A MAJOR DEVELOPMENT AS THE DENOMINATION OF OIL PRICE IN DOLLAR IS SEEN AS A CORNERSTONE OF THE DOLLAR DOMINANCE BACK TO THE AGREEMENT REACHED IN 1974 BETWEEN HENRY KISSINGER AND SAUDI ARABIA.
- NEED FOR A MORE MULTIPOLAR INTERNATIONAL MONETARY SYSTEM REFLECTING CHANGES IN THE WORLD ECONOMY (EG INCLUSION OF THE RUPEE IN THE SDR BASKET)
- CONFRONTED WITH THE US LED ECONOMIC WAR, NON G7 COUNTRIES TAKE PRECAUTIONARY MEASURES TO ESCAPE US UNILATERAL ACTIONS ,THUS LEADING TO FRAGMENTATION UNDERMINING GLOBALIZATION

THE GEOPOLITICAL TIME BOMB: G7 SLEEPWALKING TOWARDS WAR

- EU AND NATO TECHNOCRACIES: NOT UNDER DEMOCRATIC CONTROL
- THE COMBINATION OF A US CONTROLLED NATO AND A EUROPEAN UNION ENLARGED EASTWARDS CREATES A SIGNIFICANT RISK OF CONFRONTATION IN EUROPE
- THE STEALTHY MOVE OF NATO FROM DEFENSE TO EXPANSION

G7 SLEEPWALKING TOWARDS WAR (continued)

- EU AND NATO JOINT EXPANSION EASTWARDS:EUROPE POWDER KEG IS BACK
- THE PUSH FOR A " EUROPEAN ARMY", IN THE ABSENCE OF A FEDERAL CONSTRUCTION IN EUROPE, IS A DANGEROUS IMPROVISATION, POTENTIALLY TRANSFORMING THE PEACE DRIVEN EUROPEAN PROJECT INTO A WAR MACHINE

DOOMSDAY CLOCK TICKING: PLAYING WITH THE FIRE OF WAR

- THE INDUSTRIAL MILITARY COMPLEX IN ACTION: THE "RUSSIA THREAT"MAGIC TOOL TO BOOST NATO DEFENSE SPENDING
- NATO APPROACHING A 1 TRILLION DOLLARS DEFENSE EXPENDITURE AS A RESULT OF THE MINIMUM 2% OF GDP TARGET:THIS IS 20 TIMES HIGHER THAN RUSSIA'S DEFENSE SPENDING
- HUGE INCREASE OF MILITARY SPENDING BY THE TRUMP ADMINISTRATION, HEADING TOWARDS A 700 BILLION PENTAGON BUDGET, NOW THREE TIMES HIGHER THAN THE COMBINED CHINA AND RUSSIA DEFENSE SPENDING
- US 2018 " NUCLEAR POSTURE REVIEW":DEVELOPMENT OF LOW YIELD TACTICAL NUCLEAR WEAPONS (MINI NUKES)
- US DEPLOYMENT OF TACTICAL NUCLEAR WEAPONS IN NATO COUNTRIES:EUROPE POWDER KEG: DOOMSDAY CLOCK AT 11.58PM, CLOSER TO MIDNIGHT.

FROM THE FAILED G7 MODEL TO AN ECONOMY FOR THE COMMON GOOD

- THE CURRENT ECONOMIC MODEL BUILT ON UNSUSTAINABLE GROWTH OF DEBT,ASSET PRICES INFLATION, ARMS RACE, AND UNSUSTAINABLE USE OF CARBON WILL COME TO AN END.
- IN ITS PLACE, WE WILL NEED TO WORK TOWARDS A MODEL THAT IS SUSTAINABLE; USES LITTLE CARBON; STOPS THE MILITARY BUILD-UP; PUTS THE COMMON INTEREST BEFORE THE INTERESTS OF THE FEW; AND DISTRIBUTES THE FRUITS OF THE ECONOMY MORE EQUITABLY. IT IS LIKELY THAT THE STATE WILL PLAY AGAIN A LARGER ROLE, AFTER HAVING BECOME A SERVANT TO ECONOMIC AND FINANCIAL INTERESTS OVER THE LAST DECADES.
- FROM TODAY’S PERSPECTIVE, MOVING FROM THE CURRENT G7 MODEL TO AN ECONOMY FOR THE COMMON GOOD MODEL CAN EASILY BE DISMISSED AS UTOPIA. IT MIGHT SOON THOUGH BECOME A CATEGORICAL IMPERATIVE.

REALLOCATION OF GLOBAL PUBLIC EXPENDITURE FOR THE COMMON GOOD

- What is urgently required in the name of humanity is a significant global transfer of resources, away from the NATO driven military industrial complex and the fossil energy industry, and towards financing the green investments needed to manage the energy transition, financing the USD 100 billion fund promised in Copenhagen to emerging and developing countries to help them countering the global warming trend, and solving the dramatic problems faced by the low income countries such as increasing pressure on water resources , starvation and epidemics.
- The United Nations is the only international institution having the legitimacy to coordinate the massive global rebalancing of resources required.
- **UTOPIA OR CATEGORICAL IMPERATIVE?**