

# The Great Financial Catastrophe

by Egon von Greyerz

Most people are blissfully ignorant of the fact that 2007-8 was just a mild rehearsal of what we soon are going to experience. The additional \$60 trillion in credit and printed money since then and the lowering of interest rates to zero have given the world the impression that all is now well again.

Let me be very clear, **nothing is well**. As a matter of fact in the 8 years since the start of the Great Financial Crisis the bubble economy has now properly spread to the world's second largest economy – China. China has had exponential growth in debt from \$2 trillion to \$28T this century. A major part of this debt has financed white elephant projects and ghost cities. It would be surprising if the total Chinese bad debts were below \$10 trillion before all of this is finished.

The bubble contagion has also totally infected most emerging markets. With massive growth in debts, a stronger dollar and collapsing commodity prices, almost every emerging economy is now starring into the abyss. As [Michael Snyder of the Economic Collapse Blog](#) recently pointed out, 23 stock markets around the world are now crashing. Of the 23, there are 22 emerging economies and the 23rd is Greece which definitively is not emerging but sinking into the Mediterranean. But don't believe that this epidemic will just affect EMs. No, the contagion is already spreading to the West and this autumn we will see stock market falls that will shock the world, spreading massive fear throughout the world economy. I expect this autumn to be the beginning of the end of the 100 year old failed experiment of manipulation and repression of the financial system by bankers and central banks.

So the Great Financial Crisis of 2007-9 will now transcend into the Great Financial Catastrophe. This could very well involve a total reset or more likely a collapse of the world economy, financial system and world political system. And it won't be orderly. It is likely to take a very long time and will involve bankruptcies of major parts of the financial system as well as many major nations. It will also lead to social unrest, escalation of wars, major poverty and famine with the world population going down significantly.

I realise that this forecast sounds very alarmist and like an impossible doomsday scenario. I sincerely hope I will be totally wrong. But sadly the risk that I will be right or at least partly right is major after 100 years of excesses in the world built on no solid foundation but an ocean of debt and printed money. Nobel Prize winners in economics, central bankers and ordinary people will learn the hard way that worthless pieces of paper that they call money cannot create real lasting wealth.

For the privileged few that have wealth to protect, gold and silver outside the banking system is a must. At the end of this reset, we will hopefully see a world based on rewarding real work and investment, with real ethical and moral values and a sound monetary system. But the road there will be very long and arduous.

Please see also my latest King world News interview

<http://kingworldnews.com/all-hell-is-about-to-break-loose-as-the-world-hurtles-into-chaos-and-unprecedented-levels-of-fear/>

Egon von Greyerz

**Matterhorn Asset Management AG / GoldSwitzerland**