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## Better-Management Newsletter 21 Mar 2015

The global economy / Nightmare scenario starring the EU / The China-led Asian bank / A new global reserve currency / Russian politics / World War III predictions / The future of tech miniaturization / Exponentially increased growth / Religious intolerance / GDP growth scam

The inevitable credit bust must come...sometime...

<http://thecrux.com/bill-bonner-what-can-you-trust-when-trust-disappears/>

In China, the PBOC has started juggling, as one must do when debt gets out of control. Now there are multiple issues that must be dealt to simultaneously...

[http://www.businessspectator.com.au/article/2015/3/19/china/managing-chinas-debt-mountain?utm\\_source=exact&utm\\_medium=email&utm\\_content=1212943&utm\\_campaign=kbg&modapt=](http://www.businessspectator.com.au/article/2015/3/19/china/managing-chinas-debt-mountain?utm_source=exact&utm_medium=email&utm_content=1212943&utm_campaign=kbg&modapt=)

Beware of Greeks bearing agendas too big to fix...from Seeking Alpha...

“[Greece frustrated its main creditors](#) yesterday by refusing to update euro zone peers on its reform progress at a scheduled teleconference, insisting that the discussions should be escalated to tomorrow's EU summit. "For many people the teleconference this afternoon could be something of a last straw," said one euro zone official. Athens is likely to run out of cash by the end of the month and may then default on its debt, potentially forcing itself out of the euro zone.”

### Nightmare scenario starring the EU

This is a possible nightmare scenario starring the EU in the face now...time is running out. As the noted novelist said, “How did you go bust...answer, first slowly and then suddenly”. That is how busts always happen. But the latest reaction from the EU has been to extend an olive branch. We are learning from their actions (not their words) that there is absolutely NO WAY Greece can be allowed to default and leave the EU. Yet they may yet do so.

So are the rats leaving a sinking US ship? I don't think so because China (a major trading partner of the EU) is also heavily indebted and reliant on the US dollar...from Sinocism...

### The China-led Asian bank

“[Defying U.S., European allies say they'll join China-led bank | Reuters](#) bit of an embarrassment for the Obama administration // Germany, France and Italy said on Tuesday they had agreed to join a new China-led Asian investment bank after close ally Britain defied U.S. pressure to become a founder member of a venture seen in Washington as a rival to the World Bank. The concerted move to participate in Beijing's flagship economic outreach

project was a diplomatic blow for the United States, reflecting European eagerness to partner with China's fast-growing economy, the second largest in the world.

*Related:* [U.S. urges allies to think twice before joining China-led bank | Reuters](#) Washington insists it has not actively discouraged countries from joining the new bank, but it has questioned whether the Asian Infrastructure Investment Bank (AIIB) will have sufficient standards of governance and environmental and social safeguards. "I hope before the final commitments are made anyone who lends their name to this organization will make sure that the governance is appropriate," Treasury Secretary Jack Lew told U.S. lawmakers.

*Related:* [China's Finance Ministry welcomes new members of AIIB - Xinhua](#) China's Ministry of Finance on Tuesday welcomed the decisions made by France, Italy and Germany to apply joining the Asian Infrastructure Investment Bank (AIIB). The ministry website said that the three countries will become founding members in two weeks if other members approve."

And from Seeking Alpha, the next "Judas" is the land of OZ...

**["Despite strong objections from the U.S.,](#)** Australia has signaled its readiness to join the new China-led Asian Infrastructure Investment Bank, following Japan which said it would consider becoming a member. South Korea, Britain and major EU nations also announced this month they would join the AIIB, breaking ranks with the U.S., which has urged countries to think twice before joining due to lax governance and environmental safeguards."

### **A new global reserve currency**

But what China really, really wants is for there to be a new global reserve currency, independent of all other currencies.

The US Fed is still talking up the markets so how could this end?

<http://www.dcclothesline.com/2015/03/17/billionaire-warns-mother-of-all-collapses-coming-if-central-banks-stop-buying-bonds/>

Meantime, some of our favourite billionaires are selling out of consumer stocks and overnight gold and silver are up pretty strongly.

### **Russian politics**

I don't know but let's speculate...Is Mr Putin bulletproof? Now he has emerged from his sick bed – or is it his berthing suite – what are Mr Putin's prospects?

[https://www.stratfor.com/weekly/can-putin-survive?utm\\_source=freelist-f&utm\\_medium=email&utm\\_term=article&utm\\_campaign=20150317&mc\\_cid=ff3163b0c6&mc\\_eid=f6520e17b6](https://www.stratfor.com/weekly/can-putin-survive?utm_source=freelist-f&utm_medium=email&utm_term=article&utm_campaign=20150317&mc_cid=ff3163b0c6&mc_eid=f6520e17b6)

We know he is waving a big stick but the economy is headed South and the people have grown accustomed to “plenty”...

<http://economictimes.indiatimes.com/news/international/business/inflation-hits-peak-at-17-per-cent-as-crisis-bites-russian-economy-minister/articleshow/46627576.cms>

Is Mr Putin looking for an olive branch?

<http://www.bbc.com/news/world-europe-31945962>

Or are the war games on both sides a build-up to Russian moves in the Baltic area?

[http://allnewspipeline.com/NATO\\_Intercepts\\_Russian\\_Fighters\\_Over\\_Black\\_Sea.php](http://allnewspipeline.com/NATO_Intercepts_Russian_Fighters_Over_Black_Sea.php)

Something more from Stratfor...

<https://www.stratfor.com/analysis/russia-targets-nato-military-exercises>

Some folk are joining the dots....but remember that most modern wars seem to be instigated and backed by bankers. And right now the world’s bankers are in trouble. While I don’t entirely buy this article below, it may be worth thinking about...

### **World War III predictions**

<http://www.washingtonsblog.com/2015/03/financial-experts-world-war-3-coming-unless-stop.html>

After all, there is nothing quite like a good conspiracy theory...

Meantime, I am hearing on the grapevine that the Iran nuclear negotiations may be falling apart.

### **The future of tech miniaturization**

I didn’t know Professor Freeman Dyson was still alive until I read this article...

<http://www.mauldineconomics.com/tech/tech-digest/freeman-dyson-and-the-future-of-tech-miniaturization>

During WWII I recall he was a techie with the RAF looking for ways to improve operational capabilities and after the war went to Princeton to become one of the leading proponents of Nuclear energy. In his book (which I read a couple of years ago) he indicated that his peers and he were fixated on doing something to compensate for the time when oil inevitably becomes more difficult to produce before it runs out. This led to the world’s first nuclear power station. Of course now we know that nuclear power is not “too cheap to meter” but it does supply 14% of the world’s electricity.

Now at 92 years of age, Freeman is still dreaming of things we can do to make the world a better place.

Rainbows and unicorns...but every avenue of human endeavour to deal with resource depletion is worth keeping an eye on...

### **Exponentially increased growth**

Exponentially increased growth in the use of a finite resource leads to depletion of that resource at an ever increasing rate. That is simple arithmetic. The change in the nature of hydrocarbons being harvested suggests we have entered the second half of the peak oil game. That realisation has led to starting up a new quarterly journal to monitor our progress towards a certain destiny....

<https://aleklett.wordpress.com/2015/03/18/the-oil-age-a-new-quarterly-peer-reviewed-printed-journal/>

The US EIA has delivered a St Patrick's day surprise. They regularly gild the lily over future prospects (no government agency likes to give bad news) but I have found their historical data accurate and can (and is) be relied upon. So the reality that shale production is dropping was no surprise, but what is a surprise is that they have signalled it first. This article below picks up on that narrative...

<http://oilprice.com/Energy/Oil-Prices/Oil-Prices-Will-Recover-Market-Fundamentals-Are-Working.html>

### **Religious intolerance**

As one man's irrational beliefs confront those of another man, atrocity reaches ever newer heights. If only people with religious beliefs could recognise that one man's superstition is no more correct nor incorrect than another man's? But that is not just reasonable, it is asking too much....

<http://www.telegraph.co.uk/news/worldnews/middleeast/yemen/11485080/Dozens-killed-in-Yemen-Shia-mosque-bombings.html>

### **GDP growth scam**

While governments are fixated on AGW/climate change, no-one thinks that it actually requires energy to achieve production and real economic growth. The real stats should show that GDP only grew because of increased debt and increased money printing and zero to negative effective real interest rates.