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## Better-Management Newsletter 26 May 2015

**Banksters encore / No lifeboats to save the global economy / Plenty of land for farming / Oil price scenarios / Atomic fusion / Ron Paul on the coming crash...aka GD1 / China, brinksmanship / Could Putin be right?**

### **Banksters encore**

The frauds by the banksters who rigged LIBOR have been taken to task and fined...yet no one was held responsible. Of course that may yet come, but I won't be holding my breath. Now they are charging a junior trader...a sacrificial lamb?

<http://www.telegraph.co.uk/finance/libor-scandal/11625229/Tom-Hayes-First-Libor-trial-to-begin.html>

The European banks seem to be a bit shaky...

<http://www.caseyresearch.com/articles/another-central-bank-hits-the-panic-button>

At a time when Mr Cameron is to host the head of the EU for negotiation over immigration at Chequers, the BoE has made a gaff...

<http://www.telegraph.co.uk/finance/economics/11625308/Bank-of-England-accidentally-emails-Brexit-taskforce-plans-to-newspaper.html>

Now Goldman Sachs warn the world has too much debt? They are one of the key creditors driving debt skywards...

<http://www.telegraph.co.uk/finance/economics/11625406/The-world-is-drowning-in-debt-warns-Goldman-Sachs.html>

### **No lifeboats to save the global economy**

And we are facing the near term possibility of recession without central bank tools or lifeboats to save the global economy...

<http://www.telegraph.co.uk/finance/economics/11625098/HSBC-fears-world-recession-with-no-lifeboats-left.html>

and

<http://www.businessspectator.com.au/article/2015/5/22/europe/uk-stuck-between-rock-and-hard->

[place?utm\\_source=exact&utm\\_medium=email&utm\\_content=1371862&utm\\_campaign=kgb  
&modapt=](http://www.businessspectator.com.au/article/2015/5/22/economy/new-hope-north?utm_source=exact&utm_medium=email&utm_content=1371862&utm_campaign=kgb&modapt=)

Intensification of agriculture in Australasia and what will happen to the property boom in Auckland, Sydney and Melbourne in the forthcoming slump in income...

### **Plenty of land for farming**

In both Australia and New Zealand there is plenty of land which can yet be brought into production for farming if the right steps are taken. We already know of the large scale irrigation projects in NZ's Canterbury region. Now there are some efforts to do something similar in Australia, using Chinese capital and Government irrigation support...

[http://www.businessspectator.com.au/article/2015/5/22/economy/new-hope-  
north?utm\\_source=exact&utm\\_medium=email&utm\\_content=1371862&utm\\_campaign=kgb  
&modapt=](http://www.businessspectator.com.au/article/2015/5/22/economy/new-hope-north?utm_source=exact&utm_medium=email&utm_content=1371862&utm_campaign=kgb&modapt=)

Government regulation of offshore property purchasing may have a lesser effect on prices than the economic fortunes of each country as resource prices fall...

[http://www.businessspectator.com.au/article/2015/5/26/property/property-boom-borrowed-  
time?utm\\_source=exact&utm\\_medium=email&utm\\_content=1376419&utm\\_campaign=kgb  
&modapt=](http://www.businessspectator.com.au/article/2015/5/26/property/property-boom-borrowed-time?utm_source=exact&utm_medium=email&utm_content=1376419&utm_campaign=kgb&modapt=)

### **Oil price scenarios**

Some oil price scenarios...

[http://www.marketwatch.com/story/5-scenarios-for-oil-prices-including-meltdown-2015-05-  
21](http://www.marketwatch.com/story/5-scenarios-for-oil-prices-including-meltdown-2015-05-21)

George Soros also sees flashpoints wherever he looks. I suppose that could affect patterns of oil use ...

<http://peakoil.com/publicpolicy/we-are-on-the-threshold-of-a-third-world-war>

Does this article mean we will economic migrants with pots of money fleeing to NZ to get out of the way? Yeah right.

In Australasia, because we import oil, we need to be worried not about supply and demand but about the fall of oil exports. Oil exporting countries have been exporting less since 2004/5...

<http://peakoilbarrel.com/world-exports-versus-consumption-the-elm/>

I have been watching closely as China locks up supply agreements with the countries who will continue to export after the others become net importers...ie. Russia, Venezuela, Saudi Arabia, Iran, Iraq, and fringe countries like Nigeria and Sudan. If they have first right of refusal, where will we get our oil in 2020?

I saw an article about the US shale oil plays that said the oil companies had been allowed to book reserves of shale oil without doing the necessary drilling. This will end very badly indeed – this year (mark my words, that is a seriously bad prediction!). Sorry the article at this link is not very good...

<http://ca.equities.com/2015/05/oils-whodunit-moment-coming-with-millions-of-barrels-to-vanish/>

Jeff Rubin thinks Canadian oil-sands are not going to be good business in future because they are a high cost quartile energy source – a bit like shale oil.

[http://www.huffingtonpost.ca/2015/05/21/jeff-rubin-carbon-bubble\\_n\\_7346400.html](http://www.huffingtonpost.ca/2015/05/21/jeff-rubin-carbon-bubble_n_7346400.html)

### **Atomic fusion**

Some more on the fusion boondoggle...changing the leadership...but persevering with Tokamak...at the cost of many billions...

<http://peakoil.com/alternative-energy/troubled-iter-nuclear-fusion-project-seeks-new-path>

There are other fusion projects being worked on around the world and these consume billions but the ITER project using the Russian Tokamak is the only one where countries are collaborating...so far to no avail.

Now we see the usually reliable Tom Whipple talking about low energy nuclear reactions (LENR) but IMHO this is close to perpetual motion in concept...

<http://fcnp.com/2015/05/22/the-peak-oil-crisis-energy-from-buoyancy-a-new-disruptive-technology/>

Meanwhile the Japanese are planning now to restart three fission power reactors, which had been shut down in 2011 after the Fukushima disaster...

<http://www.world-nuclear-news.org/RS-First-Japanese-reactors-prepare-for-restart-2205154.html>

### **Ron Paul on the coming crash...aka GD1**

Ron Paul is very articulate in his warnings about what is to come. It will probably be as a result of a market crash and depression rather than a drop in energy supplies. But the energy EROEI problem will make things worse. Right now we wait to see how Russia and China combine forces to attack the US dollar with their gold backed currencies. That may not happen, but sooner or later the debt overhang will strike via the derivatives markets and then there will be real trouble. This is probably Ron's most articulate warning...

<https://orders.cloudsna.com/chain?cid=MKT033949&eid=MKT057529&plcid=&snaid=&step=start&hpmv=2&affId=&s1=##AST07023>

I wouldn't buy the Stansberry Research book. I don't think much of their advisory service.

### **China, brinkmanship**

I hear there are 4.2 million smokers in Beijing, each smoking 15 cigarettes per day on average – out of a total population of almost 22 million. That must be good business for tobacco firms.

The Chinese island building programme is now being challenged...from Sinocism...

“[China warns U.S. surveillance plane - CNNPolitics.com](#) interesting PACOM giving such access to CNN, quite the PR push to make sure the world knows what China is doing with its reef reclamation project. A repeat of the 2001 "Hainan incident" would not be resolved with a non-apology apology...how many US firms have contingency plans for their China supply chains? Sadly we are entering the realm of "you better have a Plan B". The Chinese navy issued warnings eight times as a U.S. surveillance plane on Wednesday swooped over islands that Beijing is using to extend its zone of influence. Seeking to further challenge China's military build-up in the South China Sea, the plane conducted a reconnaissance mission over a contested military installation being constructed on a manmade series of islands. A CNN team was given exclusive access to fly on-board the P8-A Poseidon, America's most advanced surveillance and submarine-hunting aircraft, as it flew over the islands.”

The Chinese fear ideological war above all else...from Sinocism...

“[PLA Daily warns of Internet's revolutionary potential - Xinhua](#) The Chinese military's mouthpiece newspaper has warned of the possibility of "Western hostile forces" using the Internet to foment revolution in China. "The Internet has grown into an ideological battlefield, and whoever controls the tool will win the war," according to an editorial published in the People's Liberation Army (PLA) Daily on Wednesday. It stressed the need for cyber security measures to ensure "online ideological safety", euphemisms suggesting efforts to safeguard China's mainstream ideology. Anyone say ideological war?"

Meantime, the USA is concerned about industrial espionage...from Sinocism...

“[6 Chinese Men Indicted in Theft of Code From U.S. Tech Companies - NYTimes](#) In the current case, however, authorities arrested a Chinese professor as he landed Saturday at Los Angeles International Airport on his way to a conference, a move clearly meant to signal to China that the United States would now aim to capture and try those accused of perpetrating what the former head of the National Security Agency, Keith B. Alexander, often called “the greatest transfer of wealth in history.” Prosecutors said that the professor was Hao Zhang, 36, of Tianjin University, which dates back to 1895 and advertises itself on its website as China’s “first university.”

**Could Putin be right?**

<http://journal-neo.org/2015/05/15/what-if-putin-is-telling-the-truth/>

Well, we do know that George HW Bush and his side kick Secretary Dick Cheney, did put the boot in while Gorbachev was trying to implement his reforms in the collapse of the USSR in 1989...that much is public knowledge.

