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## Better-Management Newsletter 25 September

### Financial crash forecasts ramping up, more geopolitical messes

We are hearing more mainstream academicians and retired central bankers telling us that we are due for a financial crash of unprecedented global scale and severity. So they now agree with me. All the articulate world billionaires agree, but many for different reasons...

[http://seekingalpha.com/article/4008045-stan-druckenmiller-sees-torpedo-headed-retirement-nation-takers?source=email\\_macro\\_view\\_dem\\_0\\_27&ifp=0](http://seekingalpha.com/article/4008045-stan-druckenmiller-sees-torpedo-headed-retirement-nation-takers?source=email_macro_view_dem_0_27&ifp=0)

Yet while I can estimate probabilities for the timing of a finance collapse, there is nothing definite about it. Even at 2020 I think there will only be a 95% chance of financial mayhem. That is because the economists and politicians will do everything they can to put it off, despite their actions destroying us all in the process....just like negative interest rates, they may find something even more bizarre to tax us with...just to save us from ourselves, you understand? You don't agree? Then what about this? With no possible energy replacement at present to fossil fuels for air travel, the global elite will band together to do this? Cui bono?

<http://blogs.platts.com/2016/09/23/co2-emissions-market-aviation/>

Now that isn't about saving us from our frivolous spending habits but to stop us from somehow changing the world's climate – as if we could? Carbon credit trading has already justified a few forest owners keeping their trees, and made a few bankster globalists a bit more wealthy, and the whole point is that this will make the banksters even more wealthy. With negative interest rates, those chaps have to make money somehow...by saving us from ourselves!

Few in the mainstream understand the cause and what comes next after the financial crash. It gets worse. Sometime between 2020 and 2025, I also reckon we will hit the skids in terms of societal collapse.

This is in part because at some point the depletion of conventional oil will depress the EROEI of energy liquids to the point where we cannot maintain global trade in low value commodities for love nor money...

<http://mikeruppert.blogspot.co.nz/2016/09/from-engineer-john-howe-why-lower.html>

Perhaps the mythological EESU will work, and perhaps it will be a viable replacement for most transport, leaving sufficient over for jet fuel.

This blog referred to above is the blog of a dead man. Mike Ruppert, having concluded what society's fate would be, and after living for a few years at a subsistence level in a

tepee with a friend and his dog, simply took his own life and blew his brains out. Some like-minded folks are continuing his blog postings out of respect. Of course there are many more folks who have been so convinced of “TEOTWAWKI” (the end of the world as we know it) to jump ship, but that is counter-productive as we all have a contribution to make and a life to live and enjoy. Many have reached this point and wound up on lifestyle blocks doing the “prepper” thing – and loving every minute of it. We would all be surprised at how many are doing that now, because not all preppers are visible. The more money they have, the more invisible they are.

The Chrisco mansion – also called Kim Dotcom’s mansion – sold this week for about \$NZ33 million. That could well just be a wealthy prepper from the UK, Germany or USA with 500kg of gold, stored in the NZ Mint’s vault and with the intentions of buying a farm property (just like a number of US billionaires have already done). It may not be their only bug-out shelter. There are gold vaults elsewhere in NZ and many including Doug Casey, use one in Wellington I believe.

There are guys like Doug Casey who have “bug-out” places prepared in several countries – in Doug’s case it used to include a mansion somewhere on the North Shore of Auckland, including several scattered in other countries.

There are some guys who own ranch properties in an Argentine enclave called La Cafayete (in the back of beyond). It was an attempt to replicate “Galt’s Gulch” after the retreat of that name from Ayn Rand’s book, “Atlas Shrugged”. Ayn foresaw financial collapse roughly in the way it likely will pan out. She had many economist friends including long time US Fed Chairman, Alan Greenspan (possibly including most of the New York Jewish community). Greenspan now accepts her scenarios were probably prescient and he has once again, on retirement, become an advocate for a gold standard. He was an advocate while Ayn was alive, but after her death he became Chair of the US Fed and always thereafter called gold a “barbarous relic” like any obedient central banker should. Socialism is now causing problems for many of these folks as their La Cafayete refuge has already turned into a nightmare; as the Argentine government tends to favour the claims of the descendents of Indians (called the “Originarios”) to seize back their ancestral land...a bit like Zimbabwe, but with a few more legal niceties.

Why is it that governments always know best? The answer is, “Because the vested interests who control governments have a pecuniary interest in taking as much of our money/assets as they can”. It is that simple and it will never change. A deeper view is that this is part of a focus by even more clandestine power brokers to create their version of a new world order. It has always been so.

So, if we want to know how best to prepare, we must copy the wealthy folk and make sure we have personal control of a quantity of a universal currency such as gold, silver or even Bitcoin, and be prepared to get out of Dodge when things turn nasty.

**Now back to the present**

**Geopolitics**

Some think that WW3 will be between the USA + NATO and China+Russia. In fact, I suspect China has already won with a takeover of many countries commercial interests using surplus US dollars, and the rest doesn't matter...

<http://www.internationalman.com/articles/chung-kuo>

The use of the “Russia Today” (RT) media business to infiltrate Western media consciousness was highly successful for Vladimir Putin. Much of the success was in providing accurate and unbiased reporting after the USSR collapsed. But then, after the sanctions against Russia were applied due to the Ukraine spat, it almost overnight became an overt tool of the FSB. RT can now be relied on to give accurate reporting unless the news relates to Russia and its allies....and then Russian interests are favoured.

China has been more direct in simply buying access to some media and even filmmakers...from Seeking Alpha...

**“Lawmakers Raise Questions About Wanda’s Chinese Investment in Hollywood | Variety** The latest salvo came in a letter from 16 members of Congress last week, which called for closer scrutiny of Chinese investment in the U.S. entertainment and media sectors. The letter cited the Dalian Wanda Group’s acquisitions of Legendary Entertainment, AMC and Carmike Cinemas, and warned of “growing concerns” of Chinese efforts to exert “propaganda controls on American media.”..

and

**“Wanda Group partners with Sony Pictures, giving China’s richest man a leg up in Hollywood - LA Times** The Chinese conglomerate Dalian Wanda Group announced a partnership with Sony Pictures on Friday, giving it some creative control over upcoming Sony films and underscoring China’s rapidly rising influence in Hollywood. Wanda, which is led by China’s richest man, Wang Jianlin, will invest an undisclosed amount in Sony Pictures and "highlight the China element in the films in which it invests," the company said in a statement.

**Related: Dick Clark Productions in Talks for \$1 Billion China Sale** Dick Clark Productions, producer of the Golden Globe Awards and other Hollywood awards, is looking to sell to a Chinese buyer at a \$1 billion valuation, an individual familiar with the talks told TheWrap. Hedge fund manager Todd Boehly, a co-owner of the Los Angeles Dodgers, spun off the production company along with the money-losing trade The Hollywood Reporter and Billboard magazine in December from Guggenheim Partners, where he served as president.”

This has caused a stir in US political circles because China is going to be able to use these outlets for propaganda purposes as with Russia and “RT”.

An America that cannot control its media or even get approval of its annual budget through Congress these days, is truly a decaying behemoth. L

Arrant stupidity in critical areas such as energy policy and Middle Eastern politics, may prove America's undoing as the end of the industrial age of oil arrives in the coming years.

### **The economy**

By the end of this year the investing world will be a different place...

<https://www.youtube.com/watch?v=eJqkI3HVZOk#t=113>

The European banks are looking shakey and Deutsche Bank may even turn out to be the worst of the pack despite the crazy Italian non-performing debt...

<http://www.bloomberg.com/news/articles/2016-09-22/eu-banks-may-need-rescue-funds-equaling-twice-their-ecb-capital>

The Bank of Japan is struggling for credibility and it won't be long before all shreds of credibility are gone as it becomes the largest player in both the share and bond markets. All it can do IMHO is send the wrong price signals into the markets and drive mal-investment...from none other than Ben Bernanke...

[http://seekingalpha.com/article/4007638-latest-bank-japan?source=email\\_macro\\_view\\_eco\\_1\\_20&ifp=0](http://seekingalpha.com/article/4007638-latest-bank-japan?source=email_macro_view_eco_1_20&ifp=0)

The head of the Bank of Japan (with PM Shinzo Abe breathing down his neck) seems fixated on persisting with a failed and failing policy. That is no wonder because the bankers of the world refuse to accept that the economic models that worked 40 years ago, can no longer work in the changed world we now live in...

[http://seekingalpha.com/article/4007634-work-just-promise-keep?source=email\\_macro\\_view\\_eco\\_4\\_23&ifp=0](http://seekingalpha.com/article/4007634-work-just-promise-keep?source=email_macro_view_eco_4_23&ifp=0)

The US Fed has drifted into no-man's land...and cannot escape...

<http://www.caseyresearch.com/articles/theres-no-turning-back-for-the-fed-now>

Protectionism is rearing its head as it did in the 1930s and even America is wondering how to insulate itself from stuff going down in Europe and elsewhere...

### **Download *American Exposure to the European Financial Crisis* Now**

(I hope that link works for you?)

Global share markets and oil prices were mostly down overnight as the markets remain totally flummoxed by the lack of central bank guidance – now realising that central banks are a spent force perhaps? Reflecting a lack of confidence in the powers of central banks, gold and silver held their ground.

In China, the steel industry is one of the country's biggest problems. In part because a few million tonnes of capacity must be shed – along with a few million workers, and in

part because of WTO attention on the dumping of Chinese steel everywhere – including New Zealand. Perhaps the steel industry consolidation is starting, perhaps not? From Seeking Alpha...

### **“Baosteel-WISCO Merger Marks Beginning of Steel Industry Transformation-Caixin**

The proposed merger of China's second-largest and most profitable steelmaker, Shanghai-based Baosteel Group, with its money-losing smaller rival, Wuhan Iron & Steel Group (WISCO), will create an industry behemoth. But it may be just the beginning of a new wave of government-backed consolidation in the fragmented and inefficient steel industry, according to sources close to regulators. It also looks to be a first step in Beijing's pledge to cut excess capacity, which trading partners blame for the global steel glut. In 2015, the sector has been using just two-thirds of its capacity, according to the China Iron and Steel Association. China's steel profits have been shrinking since 2012, and last year the industry's profit margin fell to minus 2 percent. About half of the major steel companies reported losses...Top executives of the two companies were notified by SASAC of the planned merger in mid-June, about a week before the companies suspended share trading in Shanghai for the restructuring, the source said. "The notice leaves no room for discussion," the source said. "It just informed (the companies) the decision of SASAC, requiring the companies to merge."

But I doubt China's resolve and I wouldn't be surprised to see them continue to massively overproduce, if only to damage the economy of the OECD. If they do cut back to the extent they claim, it will cause recession for an Australia that is dependent on iron ore and coal exports.

### **Energy**

In Venezuela the words wealth and poverty have become synonymous with the state of the oil price. Venezuela is seeking rescue and they are not alone...

[http://seekingalpha.com/article/4007786-venezuelas-crisis-worsened?source=email\\_macro\\_view\\_com\\_1\\_15&ifp=0](http://seekingalpha.com/article/4007786-venezuelas-crisis-worsened?source=email_macro_view_com_1_15&ifp=0)

In Saudi Arabia, it seems the middle class is suffering most...as the Government cuts back on handouts.

But it doesn't matter whether it is the middle class or the poor, even the wealthy are now resolved to do something about it...

But, do we really expect any major change next week when OPEC meets?

[http://www.rigzone.com/news/oil\\_gas/a/146730/Analysts\\_OPEC\\_Production\\_Freeze\\_Never\\_Likely\\_To\\_Happen](http://www.rigzone.com/news/oil_gas/a/146730/Analysts_OPEC_Production_Freeze_Never_Likely_To_Happen)

But (from Seeking Alpha) the Saudi concessions could change the game...

“Saudi Arabia has offered to lower its oil production if Iran agrees to cap output this year at its current level of 3.6M bpd. The proposal was made earlier this month, sources told Reuters, and would be a major compromise ahead of talks in Algeria next week.

Ironic? The last two OPEC meetings held in the country - in 2004 and 2008 - led to unexpected production cuts to prop up prices.”

Well, perhaps not? Iran and Saudi Arabia are already involved in two proxy wars ...and can they really agree on anything?

<http://www.zerohedge.com/news/2016-09-23/so-much-saudi-proposal-iran-refuses-cap-output-clashes-saudis-over-freeze>

But perhaps Iraq may go along with Saudi Arabia and Russia?

<http://oilprice.com/Energy/Crude-Oil/Why-Iraqs-Oil-Production-Has-Reached-Its-Limits.html>

For me, the present problem with supply and demand isn't about volume of barrels, it is about the falling EROEI and the net energy content of today's oil.

In the USA this week there were no further oil patch bankruptcies and the number of drilling rigs ticked up a little. These days any new rigs are going to go into sweet spots but their result will not be apparent for a while...from Seeking Alpha...

**U.S. Oil Rig Count** - As per Baker Hughes, the number of active U.S. oil drilling rigs saw another increase this week. **large**

**Natural Gas Rig Count** - I suppose the change in drilling will have very little effect on stemming the US oil production decline. As US oil production drops, it will give OPEC and Russia a chance to reach an accommodation...whether they take it or not remains to be seen.

### **The head fake**

Our news media is dominated by stories of electronic wizardry and yet very little of that puts food on the table and does stuff yet. My focus is on energy, water, productive technology, capital and the factors that affect our human condition. The stuff of Apple, Google, Facebook and Twitter is a side show but theirs' are the grotesquely overvalued stockmarket shares.... and a head fake for keeping the Sheeple from seeing the truth about the inevitable impact of our depletion of finite resources...

[http://seekingalpha.com/article/4008164-facebook-fraudbook-twitter-buyout-teslas-solar-roof-lawsuit-michigan-eye-tech?source=email\\_macro\\_view\\_top\\_articles\\_0\\_0&fp=0](http://seekingalpha.com/article/4008164-facebook-fraudbook-twitter-buyout-teslas-solar-roof-lawsuit-michigan-eye-tech?source=email_macro_view_top_articles_0_0&fp=0)

I would be mildly inconvenienced if the digital age was badly wounded. But people will die in their thousands in water wars or in their millions when the industrial age of oil eventually comes to an end.

**Ruin...**

The quickest road to ruin is higher oil prices and higher interest rates...then we will likely flip from deflation to uncontrollable inflation.

The slowest road to ruin is maintaining lower oil and other commodity prices and thereby maintaining business as usual for as long as possible.

Which path best suits the elite?

I think it may not be long before we find out. And before then, perhaps a shooting, bomb-dropping war?