

Forcing Change



On Economics

It has been some time since *Forcing Change* devoted an entire edition to economic concerns. Today, as the Middle East implodes, as governments are caught-up in political wrangling, and as the morality of Western society seems to be irreversibly changing, the subject of economics can easily be overlooked - especially as “economic recovery” has been touted from high government offices. However, economic realities are a reflection of a society’s general worldview, and trouble is brewing; debt is growing, questions over the stability of the US dollar mounts, and there are energetic voices calling for more “government intervention” and “wealth redistribution.” Therefore, it is important to consider the economic situation and how differing worldviews shape ideas on property, money, and government.

Note: *The articles in this edition reflect the American economic situation, yet the concerns expressed impact every Western nation.*

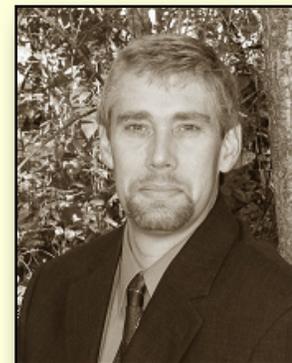
Index:

Judeo-Christian Worldview & Economics, P. 1.

Bible & Money, P.6.

Starting with Debt, P.12.

Signs of Econ. Crisis, P.13.



Carl Teichrib, Editor



The Judeo-Christian Worldview and Economics

By Brad Hughes

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His essay, "The Judeo-Christian Worldview and Economics," critically examines the question of which economic system better reflects the Biblical worldview.



You can read more of his work at www.ccu.edu/centennial/blog/post/author/bradhughes

Socialism embodies a lust for power based upon the deceit of man. Capitalism embodies a lust for wealth based upon the service of man. These two opposing systems hold the promise of blessings or curses to the nation that adopts them. It is the imperative of ethics (oughtness) rather than the indicative of morality (what is practiced) that elevates the fate of a nation. A nation can not receive good if it is not itself good.

A Christian worldview regarding the economy is essential if America is to recover its eroding economic leadership in the world. A Christian worldview of economics is predicated upon the fact that man is born sinful (Ephesians 2:3), does not prosper by injustice (Ephesians 4:28), should work (2 Thessalonians 3:10), should not be dependent on anyone (1 Thessalonians 5:11-12), respects private property (Exodus 20:15), prospers through diligence (Proverbs 21:5), resists the envy of other people's property (Exodus 20:17), believes that rich and poor are esteemed the same by God (Exodus 30:15), that indebtedness creates bondage (Proverbs 22:7), and that righteousness can yield abundance (Proverbs 16:8).

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The Christian worldview also elevates the power of freedom. The Bible espouses the freedom to choose (1 Corinthians 6:12), that God makes us free (John 8:36), that freedom requires morality (Psalm 119:45), wherever God is honored there is freedom (2 Corinthians 3:17), that true freedom is based upon love (Galatians 5:13), that freedom requires discernment (1 Corinthians 8:9), and that the truth will set you free (John 8:32).

There have been many notable Christians who are sympathetic to the precepts of socialism, including Nelson Mandela, Reinhold Niebuhr, Jim Wallis, Tony Campolo, et.al. They believe that the Bible prescribes socialism in the New Testament, Acts 2:44-45 and Acts 4:32-35, and that social justice (redistribution of private property) is ordained in the Old Testament (Lev 19:13, 18, Deut. 10:18-19 Deut. 24:19-22 Ps. 82: 3, 4 Ps. 112: 1, 9 and Isa. 1:15-17).

This view represents a significant failure in hermeneutics. This is a failure in thinking because the examples presented in the New Testament (Acts) are characterized by the individual and volitional decision to share private property. The passage is explicit in that the property shared is privately owned (antipodal to the state owned model of socialism) and that the redistribution is not compulsory (also antipodal to state run socialism). Finally, the assemblage of the assets depicted is done by the apostles (private sector) and not by the state. This is an example of the church being at the center of the action.

This view also fails regarding the Old Testament because a careful exegesis of those texts confirms God's desire to show compassion and mercy for the poor and downtrodden but does not assert that the government establish remedial action through the seizing of property for redistribution. The Old Testament desires a change within the heart of the individual to show love and concern for his fellow man. It is ludicrous to suggest that God sanctions force and compulsion to show love and mercy. This would be contrary to His character and is contrary to the doctrine of grace. It is a flawed hermeneutic to suggest God teaches socialism. The Bible teaches charity, a volitional act of the heart, not redistribution. an act of compulsion by the state.

Socialism is predicated upon atheism, therefore it calls for no church, only the state. Further, socialism calls not for free will action but compulsory force to exact its desires. Socialism is a creation of man, for man, to determine which man receives benefits from man. There is no provision for God in a socialist state. It is clear that liberal theologians who cite the foregoing biblical passages as support for socialism have no idea what they are talking about. There is no Biblical support for state run socialism. Those that try to twist the scriptures to support socialism neither understand the truth of God's word nor understand how the world operates. It is a deception. A text taken out of context is a pretext.

Similarly, liberal theologians such as Wallis and Campolo will cite "social justice" as support for socialism. They often cite the jubilee account in the Bible as an example. "Careful examination of the Jubilee year's regulations disproves claims that it required any redistribution or equalization of wealth. The regulations did not cancel or forgive any debt but ensured repayment and then return of collateral. Also, the regulations notably said nothing of newly created wealth. If one farmer produced far more per acre than another or gained riches through industry or trade,

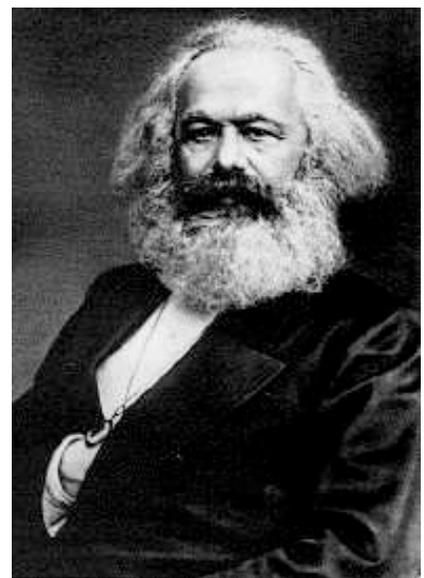
the Jubilee regulations didn't require any redistribution of that wealth or any equality of outcome between him and his neighbors."¹

Social justice advocates typically espouse the primacy of outcome equality over equality of opportunity as they do not accept the sovereign gifting of God that blesses some more than others (Matt. 25:14-30 and Luke 19:12-28). Social justice is a concept that has been co-opted by socialists to distort biblical teaching to justify redistribution of wealth to serve the interests of the state; "It is necessary to understand that every modern theory of social justice is ideological. No matter how reasonable or rational it may be, every modern theory of social justice is the rationalization of the interests of a particular group or class."²

Social justice is an artifice used by socialists to persuade undiscerning Christians to support socialist objectives. Social justice requires the willful violation of the eighth and tenth commandments. Obviously, anything that encourages the breaking of the commandments is not of God.

The ultimate test of truth is whether it corresponds to reality. We know that socialism is a lie because of the promises it makes and the results it delivers. Socialism neither reflects the reality of life nor the condition of man. Socialism (and the related systems of communism, fascism, interventionism, etc.) is predicated on the abrogation of the final three commandments: thou shalt not steal, thou shalt not lie, and thou shalt not covet. The breaking of these three commandments may bring short term benefits but exacts long term costs. Conversely, following any and all commandments brings short term costs but long term benefits.

Socialism had its roots in the French Revolution when modern day secularism was born. The ideas of socialism advanced substantially with the 1848 publication of the Communist Manifesto by Karl Marx (pictured below right) and Frederic Engels. It came to its full glory in the 20th century with the Russian revolution of 1917. Contagion spread socialist ideas to eastern Europe, parts of Africa, Latin America, Cuba, Vietnam, and North Korea, among others. The verdict on socialism was rendered November 9, 1989 with the fall of the Berlin wall. Shortly thereafter, (1991) the Soviet Union collapsed and became the Commonwealth of Independent States. Today, the Russian Federation is a country that is a shell of its former self with an economy approximately the size of Italy. The Russian economy is dwarfed by seven other countries who espouse capitalism. China has moved from its socialist economic practices to state sponsored capitalism and their economy has flourished. A review of countries ranked by GDP clearly confirms that capitalism brings growth, prosperity, abundance, and leadership while socialism brings stagnancy, poverty, scarcity, misery, and submission.³ The only worse performing economies than socialism are those countries that follow Islam. It is clear that the worldview of a nation largely determines the fate of that nation.



Like cancer, socialism destroys a nation from within. According to writer John Hawkins, socialism destroys a nation in five ways.⁴ First, it kills economic growth. The nations that practice it without fail end in despair. Current examples of this include Greece and parts of Europe (such as Spain) where unemployment, unrest, and bankruptcy loom without intervention by the World Bank, the International Monetary Fund, IMF, and the European Union, EU. The World Bank is primarily a development institution while the IMF is a cooperative institution that seeks to maintain an orderly system of payments and receipts between nations. Both are headquartered in Washington, D.C. and substantially funded (as is the United Nations) by the United States. The United States is partially responsible for maintaining socialism in other parts of the world through foreign aid, subsidies, and other funding of corrupt and failing systems. This is done in an effort to stabilize international behavior while also expressing the charity for others taught by the scriptures.

Second, socialism stifles free speech. President Ronald Reagan said, "How do you tell a communist? Well, it's someone who reads Marx and Lenin. And how do you tell an anti-Communist? It's someone who understands Marx and Lenin." Socialism oppresses the opposition to prevent discourse. Often, it uses state control as a strategy and *ad hominen* attacks as a tactic.

Third, it leads to an increasingly tyrannical government. History is clear and without exception that socialism always and forever leads to the loss of property, the loss of freedom, and ultimately, the loss of hope. Given its record of devastation, it is perplexing that thinking citizens of any country, e.g., the United States, would adopt any mechanism of its practice.

Fourth, it creates strife and division. Socialism depends upon covetousness, theft, and lies to achieve its purposes. These goals can only be realized by the cooperation of a sinful people that abandons God. Divide and conquer is an age old military strategy of conquest. Yet, blessed is the nation whose God is the Lord (Psalm 33:12).

Fifth, socialists believe that the ends justify the means. Oddly, the leaders of socialist nations invariably prosper while the masses are impoverished. Socialism promises a government that brings equality to society. But the reality is far different. As George Orwell once noted, some members of a socialist society are always more equal than the others.

Forbes has estimated that Russian president Vladimir Putin has a net worth of approximately \$75 billion while Cuba president Fidel Castro has a net worth of approximately \$900 million (the entire country of Cuba has a gross GDP of only \$71 billion). Kim Jong-Un has a net worth estimated at \$5 billion while his country of North Korea has a GDP of \$14 billion.⁵ It is curious that Moammar Qaddafi, Hosni Mubarak, Yasser Arafat, and other Islamic leaders are/were also billionaires.⁶ Finally, income inequality (as measured by the Gini coefficient) shows that, despite assertions to the contrary, the US has increased in income inequality under President Obama.⁷ Income inequality measures of the industrialized world show that South Korea (a capitalist country) has the greatest equality of income while Italy (a parliamentary government with strong socialist leanings) has significant inequality of income.⁸ It appears that being a socialist or a tyrant pays significant dividends despite the impoverishment it leaves a nation.

Capitalism, on the other hand, is an economic system where production, distribution, and trade are privately owned to yield a profit for those who have made the investment to support that objective. It is done in the backdrop of freedom where a largely free marketplace operates while the government respects private property and the legal system protects contractual law. Problems arise based upon the moral and ethical failure of owners (committing fraud) or the market (committing theft) or the government (limiting freedom and violating property rights). The failures of capitalism are the failures of man. However, capitalism assures progress (unlike the despair of socialism) because it assumes a Judeo-Christian worldview with a constitutional republic framework. Capitalism works because it is the best expression of God's principles communicated in the Bible about freedom, private property, and the dignity of man made in His image.

God blesses people and nations according to His will (Psalm 67). He is not accountable to man (Romans 11:33) and He is sovereign (1 Chronicles 29:11-12). However, Christian stewardship requires a responsibility to God for decisions and behavior. Biblical stewardship views God as the owner of all things and man (individually and collectively) as his steward. When man abandons the authority of God in such affairs, he risks danger as Lord Acton stated "Power corrupts. Absolute power corrupts absolutely."⁹

The Christian view of economics celebrates the notion of private property. Private property is enshrined in the eighth and tenth commandments, i.e., thou shalt not steal and thou shalt not covet. Karl Marx, founder of modern socialism said that the abolition of private property was the sine qua non of socialism. Marx desired state owned (or controlled) production and distribution of goods and services. He also desired that personal prop-

The Bible & Money

Howard Dayton tells us in his book, *Your Money Counts*, that "the Bible offers 500 verses on prayer, fewer than 500 verses on faith, but more than 2,350 verses on money and possessions." (p.8) Part of the reason for this comes from the fact that "possessions are a primary competitor with Christ for lordship of our lives." (p.11)

With the above in mind, here are a few perspectives on money and economics as found in Scripture.

- God is the owner of all things (Psalm 24:1). Dayton reminds us that Christian contentment rests on this fact.
- God provides our needs and we are to seek His kingdom and righteousness (Matthew 6:33).
- We are to be faithful with all we have, no matter if it is little or much, as exemplified in Matthew 25: 14-15, and we are to be faithful with other people's possessions (Luke 16:12).
- Do not let debt own you (Proverbs 22:7, 1 Corinthians 7:23). Therefore, as much as is possible, get out of debt!
- We are to deal honestly (Prov. 20:23).
- We are to not to covet anything our neighbor has, and we are not to steal (Exodus 20:15, 17).
- We are to give to others, and to help the poor (Acts 20:35, Proverbs 28:27).
- We are to work, and in so doing, to have a proper attitude - "Whatever you do, do your work heartily, as for the Lord rather than for men..." (Colossians 3:23-24).
- Pay your workers a fair wage for their labor, do not hold back what they have worked for (Malachi 3:5, Duet. 24:14-15).
- Put your trust in God rather than riches (1 Timothy 6:17).

erty would be subordinated to state interests. Even the pilgrims abandoned their experiment with socialism because "they didn't want to starve to death."¹⁰

Personal responsibility is also inextricably present in the doctrine of soteriology, or salvation. God holds free creatures morally responsible for their free choices. The Bible is clear regarding the doctrine of freedom and responsibility (1 Timothy 3:6, Jude 6:7, 1 Timothy 2:14, and Romans 3:19.) Although God calls the individual to salvation, there is a personal responsibility, or free will, component that the Bible is clear in teaching. If personal responsibility is essential to the most important decision of life, it should come as no surprise that personal responsibility is a necessary element in other decisions of life. Luke 13:3 says, "No, I tell you; but unless you repent, you will all likewise perish." James 4:17 teaches, "If anyone, then, knows the good they ought to do and doesn't do it, it is sin for them." Ephesians 2:10 says, "For we are God's handiwork, created in Christ Jesus to do good works, which God prepared in advance for us to do." Galatians 6:5 says, "For each will have to bear his own load." 2 Corinthians 5:10 confirms, "For we must all appear before the judgment seat of Christ, so that each one may receive what is due for what he has done in the body, whether good or evil."

The Bible speaks with a univocal voice in support of private property and personal responsibility. As a result, private property and personal responsibility are essential handmaidens in the Christian life. This is in clear opposition to socialist teaching which prescribes state-owned property (means of production) and collective responsibility.

Karl Marx, the key founder of communism said "...from each according to his ability, to each according to his need" (or needs) in his 1875 *Critique of the Gotha Program*.¹¹ Marx was clearly opposed to the teaching of the Bible and advanced the state as the arbiter of need. The Bible is clear regarding the importance of the individual.

James 4:2 teaches that one should ask God, not man, for his needs.

"You desire but do not have, so you kill. You covet but you cannot get what you want, so you quarrel and fight. You do not have because you do not ask God. When you ask, you do not receive, because you ask with wrong motives, that you may spend what you get on your pleasures."

Socialism is clear about the importance of the collective. The Bible is clear about the importance of the individual in relationship with God. Socialism is predicated upon atheism as the theological component of the Marxist-Leninist worldview. Capitalism is predicated upon the theology of the Judeo-Christian worldview. Socialism and the Bible are completely antipodal in their teaching.

Winston Churchill eloquently observed, "The inherent vice of capitalism is the unequal sharing of blessings. The inherent virtue of socialism is the equal sharing of miseries."¹²

Thomas Jefferson rebuked the notion of government control, "Were we directed from Washington when to sow, and when to reap, we should soon want bread."¹³ Margaret Thatcher said,

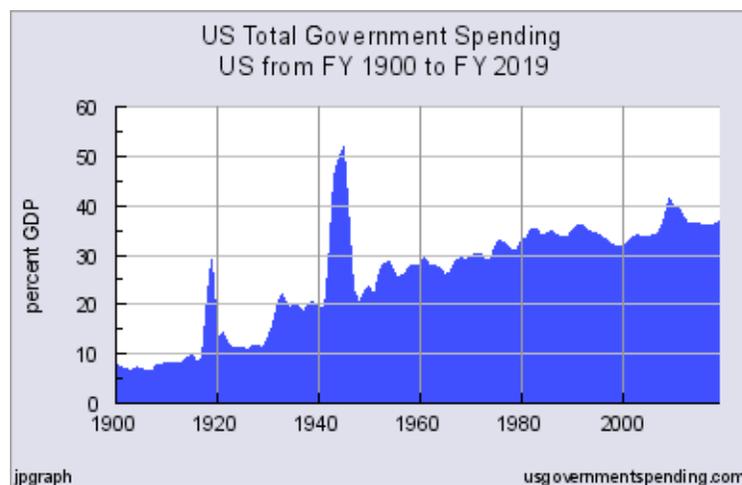
"Socialist governments traditionally do make a financial mess. They [socialists] always run out of other people's money. It's quite a characteristic of them."¹⁴

The status of the current American economy is precarious. One of the best measures of a country's economic health is the debt-to-GDP ratio, an indicator of the relationship between debt and production. US debt on the date of President Obama's inauguration (Jan. 20, 2009) was \$10.6 trillion. On February. 21, 2014, it was \$17.39 trillion. This is a 64 percent increase in the national debt over five years, an annual increase of 10.4% compared to an economic growth of less than 3% annually.

When Barack Obama was first elected, the U.S. debt to GDP ratio was under 70%. Today, it is over 101%. Further, the unfunded liabilities (obligations without funding sources) is well over \$100 trillion. This includes Medicare Part A at \$36 trillion, Medicare Part B at \$37 trillion, Medicare part D at \$15 trillion, and Social Security at \$17.5 trillion for a grand total of unfunded liabilities over \$105 trillion.¹⁵

America has economically fallen far in the past few years. This suggests that absent draconian measures to cut entitlements (currently above 60% of GDP and growing), the United States may face an environment of bankruptcy or broken promises.¹⁶ Our current set of economic problems (accompanied by an unwillingness to address them) puts us on a path trajectory that looks more like Greece in the future. Greece is currently in economic triage and is widely considered an embarrassment to western civilization. Like Greece, we can not grow ourselves out of our current economic difficulties without concomitant entitlement reform.

The US government spending, as a percentage of GDP, reached an all-time high (excluding World War II) during the Obama administration.¹⁷



This has happened as more politicians promise more benefits to more people who vote themselves larger abundance. It is a failure of leadership and of the governed. It is both unsustainable and a moral failure of epic proportions. At the time of Jesus, Rome imposed a 5% inheritance tax¹⁸ and a 1% sales tax (compared to the average state sales tax in the US of 5.6%).¹⁹ The US

Joseph Stalin said, "America is like a healthy body and its resistance is threefold: its patriotism, its morality and its spiritual life. If we can undermine these three areas, America will collapse from within."

When inflation accelerates, interest on the federal debt will explode. What would happen if the US became technically insolvent (bankrupt) due to inflation and the inability to service its debt?²⁵

- A) Savings accounts could be reduced substantially.
- B) Taxes will skyrocket.
- C) Personal danger within society will increase.
- D) Payments from the government will dramatically decrease or stop.
- E) People will have a large reduction in standard of living with widespread poverty.
- F) The stock market will drop precipitously and credit markets will seize.
- G) Many financial institutions will fail.
- H) Most government funding will slow/disappear.
- I) Many businesses will close/lay off people.
- J) Infrastructure failure will proliferate (phone, water, power, etc.).
- K) Mass rioting will be likely.
- L) Dictatorship/martial law could be imposed.

What should the individual do in response to the precarious nature of the US economy and the increasing role of the state? We should recognize that there are seasons of feast/famine where saving is essential to survive the bad times (Genesis 41:34-36), that debt can create bondage (Proverbs 22:7), that ignoring the signs of the times can bring disaster (Proverbs 22:3), to trust in the Lord (Proverbs 3:5-6), to discern what is coming (Luke 12:54-57), and to understand the times in which they live (1 Chronicles 12:32).

Ethics and engagement matter. We are called to redeem the culture (Acts 15:1-31, Colossians 3:17, and Genesis 1:28) and to be salt and light to our nation (Matthew 5:13-16). Salt requires contact in order to preserve. Light must confront darkness in order to illuminate.

It is critical that Americans seek godly leaders and reject the promises of statist using identity politics to trade on the fears of the hurting. There is no hope for a nation that punishes success, compels redistribution, and perpetuates the underclass. It is the equality of opportunity that promotes the mobility of income and countervails income inequality.

Finally, the Christian should not run to the state (man) for rescue but to God (Jeremiah 17:5). Therefore, it is prudent to prepare for difficulties if America does not reverse her current course and speed. Certainly, it is advisable to live below one's means, restrain borrowing, increase savings behavior, embrace the morality of individual responsibility in uncertain times, pursue low time preference decisions (the economic concept related to postponement of gratification) and get involved in the culture to assure we have righteous leaders and economic practices.

God is not a respecter of nations (Amos 1:3 and 2:16). However, Acts 10:34-35 tells us "I now realize how true it is that God does not show favoritism but accepts from every nation the one who fears him and does what is right." America's future success is not guaranteed. Proverbs 1:20-33 warns that those who reject wisdom will reap calamity while those who listen to wisdom will live in safety without fear or harm. It is clear that the best economic system to assure Americans can survive looming economic challenges of government debt, low labor participation, and a slow growth economy, is one that is repentant toward God and is one that embraces Judeo-Christian principles.

Will America return to its Judeo-Christian heritage in the support of Christian economics? Without repentance, it is unreasonable to expect blessing. Personal responsibility is paramount in the protection of private property and freedom. A devotion to socialism (and the secular worldview) is leading to a Divided States of America. Only the free market construct of private enterprise and a Judeo-Christian worldview will preserve the United States of America. The system we choose as individuals will largely determine our destiny as a nation. *FC*

Endnotes:

- ¹ Social Justice: How Good Intentions Undermine Justice and Gospel. E. Calvin Beisner p.6
- ² The Fallacy of Social Justice: All for One and Theft to All. Carl Teichrib September 2010. p.2
- ³ [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(nominal\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal))
- ⁴ <http://townhall.com/columnists/johnhawkins/2014/02/25/5-ways-socialism-destroys-societies-n1800086/page/full>
- ⁵ <http://www.celebritynetworth.com/richest-politicians/presidents/kim-jong-un-net-worth>
- ⁶ <http://voices.yahoo.com/gaddafi-money-libyas-dictator-billionaire-too-7953044.html?cat=3>
- ⁷ http://en.wikipedia.org/wiki/Gini_coefficient
- ⁸ http://en.wikipedia.org/wiki/List_of_countries_by_income_equality#Gini_coefficient.2C_before_taxes_and_transfers
- ⁹ <http://www.brainyquote.com/quotes/quotes//lordacton109401.html>
- ¹⁰ <http://www.freerepublic.com/focus/f-news/1285981/posts>
- ¹¹ http://en.wikipedia.org/wiki/From_each_according_to_his_ability,_to_each_according_to_his_need
- ¹² <http://en.wikiquote.org/wiki/Capitalism>
- ¹³ Ibid.
- ¹⁴ http://en.wikiquote.org/wiki/Talk:Margaret_Thatcher
- ¹⁵ <http://ezinearticles.com/?What-is-the-Total-Unfunded-Liability-of-the-US-Government?&id=3531013>
- ¹⁶ http://www.usgovernmentspending.com/united_states_total_spending_pie_chart
- ¹⁷ http://www.usgovernmentspending.com/us_20th_century_chart.html
- ¹⁸ Charles Adams, The Good and Evil. First Madison Books, Lanham, MD, 2001, p.101
- ¹⁹ http://www.usa-sales-use-tax-e-commerce.com/table_sales_rates.asp
- ²⁰ http://en.wikipedia.org/wiki/Estate_tax_in_the_United_States
- ²¹ James Cook, The Free Market and its Enemies; a Book of Quotes, IRI, Minneapolis, p.108.
- ²² Ibid. p.100
- ²³ <http://www.federalbudget.com/biggov.html>
- ²⁴ Jim Garrison, President of the Gorbachev Foundation USA "One World Under Gorbby" San Francisco Weekly, May 31, 1995.
- ²⁵ <http://thelawdictionary.org/article/what-would-happen-if-the-united-states-went-bankrupt/>

Starting With Debt

Student debt has grown considerably over the past number of years, and not just in the United States, but in other countries as well. However, in America, a new benchmark was reached by the college class of 2014 - it became the most indebted ever.

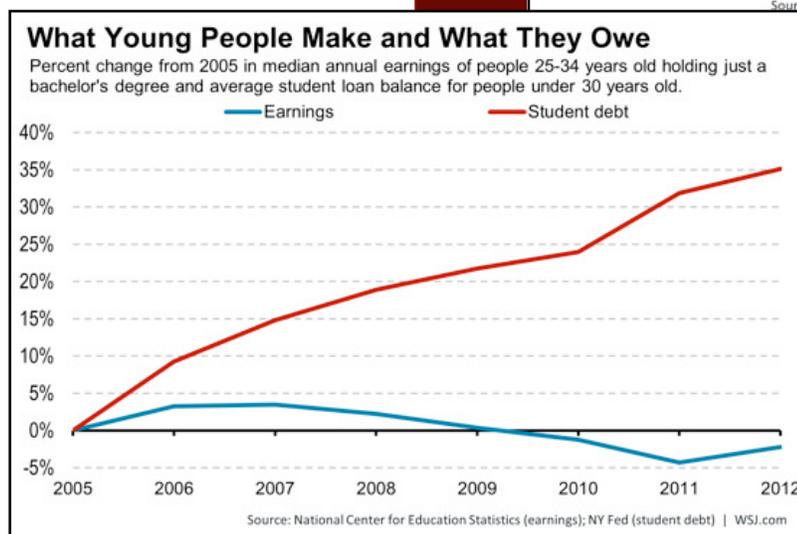
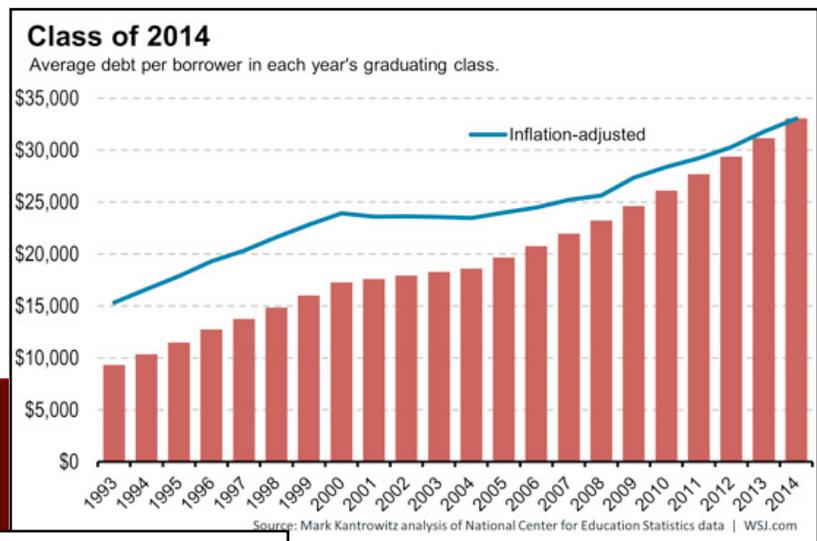
In the May 16, 2014 edition of the *Wall Street Journal*, it was noted that “the average Class of 2014 graduate with student-load debt has to pay back some \$33,000...” Remember, that’s the average. Phil Izzo, the author the *Wall Street Journal* report, puts this into historical perspective; “Even after adjusting for inflation that’s nearly double the amount borrowers had to pay back 20 years ago.”

“Meanwhile,” Izzo writes, “a greater share of students is taking on debt to finance higher education. A little over 70% of this year’s bachelor’s degree recipients are leaving school with student loans, up from less than half of graduates in the Class of 1994.”

However, another economic factor needs to be considered when examining student debt; post-graduate earnings. And the two lines - debt and earnings - are not in sync.

As Proverbs 22:7 reminds us,

“The rich rules over the poor, and the borrower is servant to the lender.”



Signs that the Global Economic Crisis is Accelerating



By Michael Snyder

Editor's Note: Michael Snyder is a Christian writer who analyzes economic indicators and trends. His article presents a "wake-up call" to get our own financial affairs in order, and to ultimately place our trust in God and not humanity. You can read more of Michael's work at <http://theeconomiccollapseblog.com>.

A lot of people that I talk to these days want to know "when things are going to start happening." Well, there are certainly some perilous times on the horizon, but all you have to do is open up your eyes and look to see the global economic crisis unfolding.

As you will see below, central bankers are issuing frightening warnings about "dangerous new asset bubbles," and even the World Bank is declaring that "now is the time to prepare" for the next crisis.

Most Americans tend to only care about what is happening in the United States, but the truth is that serious economic trouble is erupting in South America, all across Europe, and in Asian powerhouses such as China and Japan. And the endless conflicts in the Middle East could erupt into a major regional war. We live in a world that is becoming increasingly unstable, and people need to understand that the period of relative stability that we are enjoying right now is extremely vulnerable and will not last long.

The following are 18 signs that the global economic crisis is accelerating as we enter the last half of 2014...

#1 The Bank for International Settlements has issued a new report which warns that "dangerous new asset bubbles" are forming which could potentially lead to another major financial crisis. Do the central bankers know something that we don't, or are they just trying to place the blame on someone else for the giant mess that they have created?

#2 Argentina has missed a \$539 million debt payment and is on the verge of its second major debt default in 13 years.

#3 Bulgaria is desperately trying to calm down a massive run on the banks that threatens of spiral out of control.

#4 Last month, household loans in the eurozone declined at the fastest rate ever recorded. Why are European banks holding on to their money so tightly right now?

#5 The number of unemployed jobseekers in France has soared to a new record high.

#6 Economies all over Europe are either showing no growth or are shrinking. Just check out what a recent *Forbes* article had to say about the matter...

“Italy’s economy shrank by 0.1% in the first three months of 2014, matching the average of the three previous quarters. After expanding 0.6% in Q2 2013, France recorded zero growth. Portugal shrank 0.7%, following positive numbers in the preceding nine months. While figures weren’t available for Greece and Ireland in Q1, neither country is showing progress. Greek GDP dropped 2.5% in the final three months of last year, and Ireland limped ahead at 0.2%.”

#7 A few days ago it was reported that consumer prices in Japan are rising at the fastest pace in 32 years.

#8 Household expenditures in Japan are down 8 percent compared to one year ago.

#9 U.S. companies are drowning in massive amounts of debt, but the corporate debt bubble in China is so bad that the amount of corporate debt in China has actually surpassed the amount of corporate debt in the United States.

#10 One Chinese auditor is warning that up to 80 billion dollars worth of loans in China are backed by falsified gold transactions. What will that do to the price of gold and the stability of Chinese financial markets as that mess unwinds?

#11 The unemployment rate in Greece is currently sitting at 26.7 percent and the youth unemployment rate is 56.8 percent.

#12 67.5 percent of unemployed in Greece have been unemployed for over a year.

#13 The unemployment rate in the eurozone as a whole is 11.8 percent - just a little bit shy of the all-time record of 12.0 percent.

#14 The European Central Bank is so desperate to get money moving through the system that it has actually introduced negative interest rates.

#15 The IMF is projecting that there is a 25 percent chance that the eurozone will slip into deflation by the end of next year.

#16 The World Bank is warning that "now is the time to prepare" for the next crisis.

#17 The economic conflict between the United States and Russia continues to deepen. This has caused Russia to make a series of moves away from the U.S. dollar and toward other major currencies. This will have serious ramifications for the global financial system as time rolls along.

#18 The U.S. economy is struggling right now as well. It shrank at a 2.9 percent annual rate during the first quarter of 2014, which was much worse than anyone had anticipated.

But if U.S. economic numbers look a bit better for the second quarter, that doesn't mean that we are out of the woods. As I have stressed so many times, the long-term trends and the long-term balance sheet numbers are far, far more important than the short-term economic numbers.

For example, if you went to the mall today and spent a thousand dollars on candy and video games, your short-term "economic activity" would spike dramatically. But your long-term financial health would take a significant turn for the worse.

Well, when we are talking about the health of the U.S. economy or the entire global financial system we need to keep the same kinds of considerations in mind.

As for the United States, whether the level of our debt-fueled short-term economic activity goes up a little bit or down a little bit is not what is truly important. Rather, the fact that we are nearly 60 trillion dollars in debt as a society is what really matters.

The same thing applies for the globe as a whole. Right now, the citizens of the planet are more than 223 trillion dollars in debt, and "too big to fail" banks around the world have at least 700 trillion dollars of exposure to derivatives.

So it doesn't really matter too much whether the short-term economic numbers go up a little bit or down a little bit. The whole system is an inherently flawed Ponzi scheme that will inevitably collapse under its own weight.

Let us hope that this period of relative stability lasts for a while longer. It is a good thing to have time to prepare. But you would have to be absolutely insane to think that the biggest debt bubble in the history of the world is never going to burst. **FC**

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