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Systemic Crisis of the World Economy: Global Geopolitical Dislocation

Each day the news confirm the extent to which the global systemic crisis has now entered into the phase of global geopolitical dislocation, even if the media only timidly begin to interpret the historic upheavals which unfold before our own eyes. For LEAP/E2020, the second half of 2010 will thus correspond to a new step in the global geopolitical dislocation, characterized by an acceleration in the process of strategic, financial, economic and social convulsions centered on four single points of failure [\[1\]](#) of the international system analyzed in this GEAB issue.

The general context is that which has been outlined in previous GEAB reports, that's to say a recovery ... of the world economic crisis after a temporary freeze due to stimulation measures. But before entering into the detail of these anticipations on the unfolding of the economic and financial crisis in the second half of 2010, let's take note that the beginning of June 2010 provides two particularly striking examples of the accelerated collapse of the global system of these past decades: one in terms of global economic governance, the other concerning the ability of the United States to control its own allies (see GEAB N°46).

Four Single Points of Failure: Strategic, Financial, Economic and Social Convulsions

Having put recent events, symptomatic of the acceleration of world geopolitical dislocation, into perspective, the four individual points of failure in the second half of 2010 [\[2\]](#) , according to LEAP/E2020, are as follows:

- Western public debt: when insolvency becomes intolerable
- European austerity: when contextual growth is abandoned in favour of structural stability
- Chinese inflation: when China is going to begin to export its inflation

- US contraction: from «hidden mass austerity» to «imposed Federal austerity»

Each one will be affected by a major shock during the course of the second half of 2010, leading to a sectorial, regional or global crisis.

In this public announcement of GEAB N°46, our team chose to present its anticipation regarding the fourth single point of failure of the second half of 2010: US contraction. In the rest of this issue of the GEAB, subscribers will discover a second excerpt of the manual of political anticipation, concerned this time about the question of research teams and sources, as well as some information on the new political anticipation training cycle for 2010-2011 (only for GEAB subscribers). Finally, we give the detail of our recommendations in terms of US municipal bonds, financial markets, currencies and real estate in particular, aimed at helping face the shocks of the second half of 2010.

In terms of global economic governance, let's remember that only a year ago the G20 aspired to establish a new world governance and the United States believed it would be able to organise this new system around its own priorities [\[3\]](#). Well, on 3rd and 4th June this year, not only Finance Ministers of the G20 countries, meeting at Busan in South Korea, couldn't agree to the putting in place of a worldwide bank tax (an idea supported by Washington, London and Euroland), but they refused the US proposal (on its own this time) to support new plans of economic stimulation [\[4\]](#), passing the buck by « deciding » to let each country to do what it could, or would, taking into account the means at its disposal. We are far from the official statements of a year ago on a G20 as the new central instrument of world governance and we are, on the contrary, fully in a state of « every man for himself » that our team had anticipated in case the world leaders failed to question the US Dollar as the world's reserve currency. In fact, no one wants to play the global game under US rules [\[5\]](#) anymore.

Lacking a new « common game », international solidarity disintegrates before our very eyes. This situation is only going to get worse in the coming months, leading to more than an uncoupling, a real political, social and budgetary desynchronization of the major economic powers of the planet leading to, in particular, tragic consequences for the players and the markets which depend on the « proper functioning » of the international system. If there really is a new phase of the synchronized economic recession (as the chart below shows), the context for each major power is now so different that there can no longer be a common response, even less so since the United States is no longer capable of imposing its leadership.

World Economic Crisis and Global Geopolitical Dislocation

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