$1.5 Quadrillion in Uncollateralised Derivatives -- catastrophic financial implosion Imminent

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> Financial deregulation has turned Wall Street into a casino with no rules except unrestrained greed. Catastrophic failure awaits. It’s just a matter of time.

When investing becomes gambling, bad endings follow. The next credit crunch could make 2008-9 look mild by comparison. The Bank of International Settlements' (BIS) data shows around $700 trillion in global derivatives. Along with credit default swaps and other exotic [non-productive] 'instruments', the total notional derivatives value is about $1.5 quadrillion – about 20% more than in 2008, beyond what anyone can conceive, let alone control if unexpected turmoil strikes.

The late Bob Chapman predicted it. So did Paul Craig Roberts. It could “destroy Western civilization,” he believes. Financial deregulation turned Wall Street into a casino with no rules except unrestrained making money. Catastrophic failure awaits. It’s just a matter of time.

Ellen Brown calls the “derivatives casino…a last-ditch attempt to prop up a private pyramid scheme” – slowly crumbling under its own weight.

For years, Warren Buffett called derivatives “financial time bombs” – for economies and ordinary people.

Unless collateralized or guaranteed, their worth depends on the creditworthiness of counter-parties. Earnings on derivatives are “wildly overstated,” Buffett explains – because they’re “based on estimates whose inaccuracy may not be exposed for many years.” It's a game of mirrors.

When corporate bosses ask financial executives how profits look in any quarter those executives in turn ask how do you want them to look, then manipulate things to oblige?

Since 2008, already too-big-to-fail banks consolidated and grew even larger. They are now financial and political powerhouses controlling world economies to their own advantage.

Civilization’s only hope is to dismantle mega-banks into smaller, less explosive pieces, or ideally to return money/liquidity back to the people that create real wealth not the paper similarcra that banks specilise in producing.

These financial apparatuses/institutions are too important to be privately controlled and unregulated. They have become predatory and entrap small, weak nations into unrepayable debt peonage and then bleed them of real assets in order to inject some value in their wortless paper/digital shuffling, Greece is an undisguised example of a nation that has been completely captured by these parasitic institutions. However, the financial process they engage in are running rampant and always exceed any real wealth appropriation. The end result is of course obvious, without restrains a bust is inevitable, the entire process is simply out of control.

Washington Post editors support a financial process that should be condemned. Don’t worry, be happy, they say. On July 23, they headlined “The Fed’s stance on banks and capital makes good sense.”

First year economics students know better. The Wall Street owned, controlled and operated Fed is the problem, not the solution. Monied interests buy politicians like toothpaste. Bought politicians then write business friendly legislation, getting Congress to pass it in return for generous campaign contributions and other special favors. All western governments have been captured by these nefarious financial interests hence they serve elite financial interests rather than the democratic majority today.

As a result America’s economy and financial system is built on a house-of-cards which could collapse in the slightest adverse breeze, a monumental disaster is waiting to happen. But not according to WaPo editors.

“(T)he US financial system has made significant progress toward being less bailout-prone since” the dust settled on the 2008-9 crisis, they said.

“(B)ig banks are considerably better capitalized than half a decade earlier – enough to withstand (another) ‘Great Recession.”

The source: The Wall Street controlled Fed’s last ‘stress test’ assessment made public in March – ignoring the monstrous derivatives ticking time bomb weighing them all down along with the entire financial system.

WaPo editors endorse too-big-to-fail banks. They tout so-called “economies of scale and greater ‘soft power’ for US foreign policy.

Near the end of his tenure, Bill Clinton signed legislation repealing Glass-Steagall (the 1999 Gramm-Leach-Bliley Act – letting insurance, investment and commercial banking merge) and the Commodity Futures Modernization Act (permitting unregulated commodity and derivatives trading).

A casino culture of anything goes persists. When counter-parties don’t have funds to pay on demand, bubbles begin deflating. It’s just a matter of time before the entire financial system implodes.

[Edited]

http://www.globalresearch.ca/global-derivatives-1-5-quadrillion-time-bomb/5464666
