



GGI CONFERENCES GMBH

Summary

Task Force – Financial Crisis Practice Group

Update following the World Conference in Beijing, China (October 2010)

Main topic: INFLATION

Central banks and governments significantly increased the money supply through rescue measures and low interest rates (quantitative easing) and, consequently, inflation is rising in many industrial nations (UK 4.3%, Romania 7.6%, Bulgaria 4.6%, Greece 4.2%, Luxembourg 4.0%, Spain 3.5%, USA 2.6%). As was predicted in earlier Practice Group Meetings, the topic of inflation is becoming more important in public opinion. Following the bank bailouts, governments are now faced with major debt problems – is inflation therefore potentially even desirable for governments, in order to “inflate their debts away”? As a result, in recent months various countries on the EU periphery (Greece, Ireland, Spain and Portugal) have come under intense pressure to reduce their deficits and make cost savings. Ultimately this has led to even greater problems: recession, even higher unemployment, and social unrest. What happens to heavily indebted countries when interest rates rise? Is there now a risk that the eurozone could break up? In the USA, 13 states intend to reintroduce the gold standard and gold and silver as official currencies. Is gold really the ultimate remedy for inflation and escalating government debt? Do the three catastrophes in Japan (earthquake, tsunami, nuclear radiation) threaten to obliterate the economic recovery?

These and other topics will be covered in this Practice Group. As always, the discussion will be topical and stimulating.