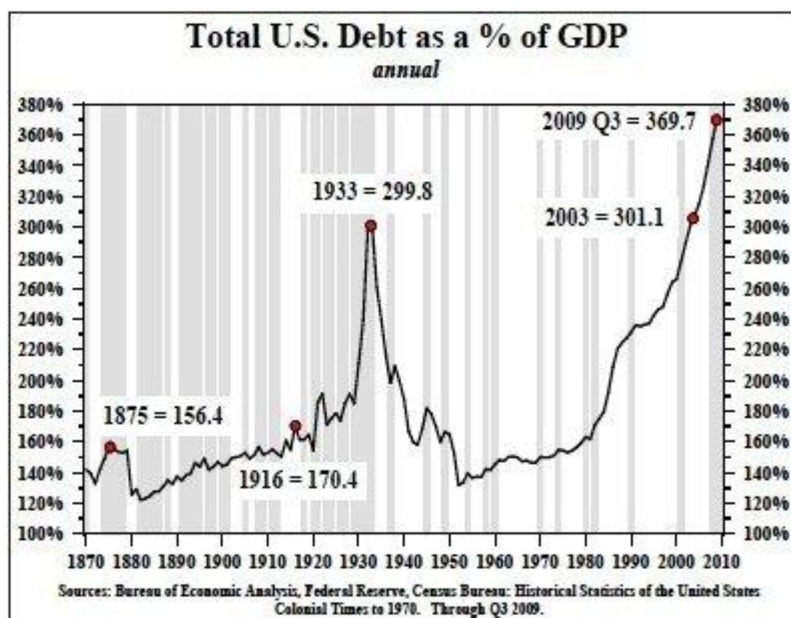
# The Current Financial Bubble, 1982 – 201X

*Dr David Evans, [goldnerds.com](goldnerds.com), Full article: [sciencespeak.com/ManufacturingMoney.pdf](sciencespeak.com/ManufacturingMoney.pdf)*

All modern money is debt, created when a central or private bank makes a loan. So the amount of money in society is equal to the amount of debt (*total* debt, not just government debt).

A bubble is always due to increased money. Sure prices go up and psychology is important, but take away the increase of money in the sector and the bubble always goes away.

The growth of the current financial bubble is easily seen in the growth of the total debt, as a proportion of the size of the economy: simply track the ratio of total-debt to GDP.




*The amount of money in the US. Australia's ratios are similar. Data to Q3 2009.*

Normally: 150%. The amount of money is about one-and-a-half times yearly economic turnover.

1929: 235%. Stocked market crashed, ushering in the Great Depression.

1933: 300%. GDP had collapsed, but the amount of money/debt decreased more slowly.

1987: 235%. Stock market crash, at the same level as in 1929! This time the central banks reacted the opposite way, quickly creating more money (lots of "liquidity"). The bubble kept growing.

1991: 240%. Recession slowing growth. Banking rules on money manufacture loosened.

1995: 265%. US government began interfering in the bond market to lower long-term interest rates. CPI redefined downwards and gold price suppression began, to lower inflationary expectations.

2001: 290%. US government forced banks to loosen rules on lending for real estate.

2008: 350%. Private sector debt creation stalled. Governments take over with stimulus spending.

2010/11: 400%+ ? Government debt creation stalling worldwide. Start up the printing presses?