

Jim Rogers Warns Next Crisis Will Be "Biggest In My Lifetime" by Tyler

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Billionaire commodity guru Jim Rogers believes the next *economic catastrophe is coming*. And when it arrives, it'll be the worst financial calamity the 74-year old investor has ever seen.

Rogers, who discussed his outlook on "The Bottom Line" with Henry Blodget, told the Business Insider founder that the tremendous debt buildup and unreasonably high asset valuations have made the global economy even more vulnerable than it was in 2008, and that **the next crash will be "the biggest in my lifetime."**

Meanwhile, the spark that ignites the next crisis could be the collapse of a pension fund – or it could be something unforeseen, as Rogers explains below:

"Well, it's interesting because these things always start where we're not looking. In 2007, Iceland went broke.

People said, 'Iceland? Is that a country? They have a market?' And then Ireland went broke. And then Bear Stearns went broke. And Lehman Brothers went broke. They spiral like that.

Always happens where we're not looking. I don't know. It could be an American pension plan that goes broke and many of them are broke, as you know. It could be some country we're not watching. It could be all sorts of things. It could be war. Unlikely to be a war but it's going to be something."

Central banks, of course, have abetted this behavior through an unprecedented expansion of their balance sheets. Global central banks now have \$15.1 trillion worth of assets on their balance sheets, according to Bank of America's Michael Hartnett. *The Fed's balance sheet alone has increased five-fold since the 2008 crisis*, Rogers noted.

China could easily end up being the cradle where the next crisis is nurtured, thanks to the explosive debt growth seen in the world's second-largest economy since the crisis.

"In 2008, the Chinese had a lot of money saved for a rainy day. Then it started raining. **They started spending the money. Now, even the Chinese have debt and the debt is much higher."**

Goldman Sachs tried to calculate China's real debt load last year, and came up with 250% of GDP. And as Bloomberg reported in April, a rash of bankruptcies are unearthing hidden debt and suggesting that the true debt load in China's corporate sector is **much higher** than previously believed.

What can be done once the crisis arrives? The Fed, with interest rates near zero and its balance sheet still swollen at \$4.5 trillion, will probably be powerless to mitigate the fallout from the coming crisis, Rogers said. Though that won't stop it from trying, which will give people a false sense of security – we'll be told everything is alright. It's not alright anymore.

"When things start going really bad, people are going to call and say, 'You must save me. It's Western civilization. It's going to collapse.' And the Fed, who is made up of bureaucrats and politicians, will say, 'Well, we better do something.' And they'll try but it won't work. It'll cause some rallies but *it won't work this time*.

Springing forth from the financial turmoil, the political turmoil that ensues **could topple governments**, resulting in the 2nd American Civil War or lead to the demise of other venerated institutions, be they investment banks, large corporations or even universities.

"You're going to see institutions that have been around **for a long time - Lehman Brothers had been around over 150 years. Gone.** Not even a memory for most people. **You're going to see a lot more of that next around, whether it's museums or hospitals or universities or financial firms."**