"Having a positive year end result concerning the GDP growth rate is a good thing" and i concur with this statement. Having said that, too much importance has been given by opinion makers, to year end comparison (when isolated) of GDP outlook and quarterly results. We should look further than that because this will help us to prevent the ongoing crises. The solution to this is: if a countries Growth occurs at the same time of the following results:

(1) The Government Budget is accumulating deficits, (2) the Nations Current Account is unbalanced, (3) the Savings rate is deteriorating and (4) this happens Systematically over the years ...

...then, the country that achieves such result, will end up accumulating wealth that belongs to some one else, their creditors (Debt).

When, at least two of the first tree results (1,2,3) occurs in reverse, and if that happens systematically (4), this will help build (5) TRUST - the fifth element needed to "induce sustainability" into the growth model of a country and their governance.

..in order to better understand these statements, please notice the following information ▼ and notice that Positive situations are highlighted in ligh green

GDP Growth

GDP (current US$) - Data provided by the World Bank Database[1]

Looking at these GDP growth results (1980→2010), we might think that China and Portugal are in very good shape, and, Germany and Sweden have to work harder and more efficiently, in order to achieve the same results, (among other nations) ... right? - the statement concerning China is true, the rest are wrong. Lets take a look a little bit further ... ▼

	Number of times that 1980's GDP doubled	% of growth 1980 → 2010	1980	1985	1990	1995	2000	2005	2010
Australia	4.62	361.61%	150,783,286,908	181,694,408,223	314,518,661,023	371,090,733,591	416,923,318,470	696,033,679,146	not available data
China	31.29	3029.15%	189,399,992,474	306,666,660,698	356,936,901,184	728,007,199,936	1,198,474,934,199	2,256,902,590,825	5,926,612,009,750
Finland	4.50	350.40%	53,007,650,622	54,979,854,183	138,883,532,888	130,806,100,218	121,793,808,734	195,777,993,334	238,745,695,364
Germany	3.57	256.73%	919,609,249,883	708,883,867,564	1,714,470,068,623	2,522,860,652,382	1,886,401,326,700	2,766,253,792,966	3,280,529,801,325
Japan	5.10	409.70%	1,070,996,926,887	1,364,163,785,897	3,058,038,227,118	5,264,380,244,016	4,667,448,302,100	4,552,200,185,088	5,458,836,663,871
Netherlands	4.31	331.13%	180,770,339,171	133,245,090,234	294,871,112,187	418,969,256,108	385,074,626,866	638,470,626,275	779,356,291,391
Portugal	7.06	605.91%	32,422,351,158	26,724,960,147	77,579,278,768	116,419,397,638	117,014,464,713	191,175,943,889	228,872,317,881
Spain	6.23	522.74%	226,003,471,829	175,540,268,385	520,968,164,832	596,750,733,920	580,673,484,430	1,130,169,626,424	1,407,405,298,013
Sweden	3.48	247.54%	132,064,497,825	106,320,040,912	244,414,239,373	253,679,923,738	247,260,155,858	370,579,639,747	458,973,278,964
Denmark	4.45	344.51%	69,709,363,190	61,203,805,066	135,838,154,025	181,983,614,165	160,082,641,561	257,675,536,234	309,865,711,250
United Kingdom	4.15	314.98%	541,910,295,143	464,268,480,493	1,012,576,349,432	1,157,118,510,336	1,477,580,571,947	2,280,113,745,868	2,248,831,038,714
United States	5.27	426.81%	2,768,900,000,000	4,184,800,000,000	5,750,800,000,000	7,338,400,000,000	9,898,800,000,000	12,579,700,000,000	14,586,736,313,339

(Positive situations are highlighted in light green.)

Budget

Government Budget Balance, % of the GDP - Data from the World Economic Forum Report [2]

Consistently in this analysis, there are 4 countries (Japan, Portugal, UK and the US) that didn't achieve an year end surplus on their budget (in % of the GDP), over the last 7 years.

Please notice that, year end results, are in % of the GDP	Deficit accumulation (Sum) over the last 7 years	Average Deficit	2005	2006	2007	2008	2009	2010	2011 *
Australia	-4.04	-0.58	0.70	1.90	1.00	0.86	0.10	-3.96	-4.64
China	-7.18	-1.03	-2.40	1.20	-1.20	0.70	-0.70	-2.20	-2.58
Finland	14.78	2.11	1.90	2.50	3.80	5.32	4.14	-0.12	-2.76
Germany	-13.05	-1.86	-3.70	-3.20	-1.70	0.01	-0.13	-1.06	-3.27
Japan	-46.04	-6.58	-7.10	-4.80	-4.30	-3.39	-5.55	-11.40	-9.50
Netherlands	-10.64	-1.52	-2.50	-0.30	0.50	0.60	0.79	-4.55	-5.18
Portugal	-33.21	-4.74	-2.90	-5.70	-3.90	-2.99	-2.61	-7.81	-7.30
Spain	-16.64	-2.38	-0.30	1.10	1.80	2.23	-3.82	-8.41	-9.24
Sweden	11.16	1.59	0.70	2.80	2.80	3.20	2.52	-0.63	-0.23
Denmark	12.80	1.83	1.30	4.60	4.20	4.54	3.00	0.04	-4.88
United Kingdom	-35.16	-5.02	-3.00	-3.00	-2.50	-3.02	-5.37	-7.83	-10.44
United States	-37.63	-5.38	-4.30	-3.70	-2.60	-2.49	-6.07	-7.88	-10.59

Gov. Debt

General Government Debt, % of the GDP - Data from the World Economic Forum Report [3]

	2005	2006	2007	2008	2009	2010	2011
Australia	17.20	16.80	16.10	15.41	14.20	19.20	22.31
China	31.80	23.30	22.00	18.40	15.90	16.90	17.71
Finland	40.00	41.40	39.10	41.04	40.61	52.60	48.37
Germany	65.90	66.40	66.80	63.22	67.22	72.50	79.99
Japan	163.40	182.90	184.80	195.48	196.29	217.56	220.28
Netherlands	56.20	52.70	48.70	51.36	64.58	68.60	63.68
Portugal	60.60	63.60	64.70	71.79	75.26	87.00	83.00
Spain	49.20	43.20	39.90	42.63	46.75	62.60	60.11
Sweden	51.30	52.20	46.90	46.90	47.43	51.80	39.61
Denmark	43.80	36.30	30.20	31.85	40.06	51.80	44.25
United Kingdom	41.10	42.70	43.20	42.97	51.92	68.17	77.24
United States	63.70	60.30	59.60	60.83	70.52	83.21	91.55

By now, we might think and ask - what has been keeping Japan away from default, with such a massive amount of debt ? Well the answer for this question is on the next set of Data. Please select the page Label above "Current Account and Savings" →

From 2005 to 2011*, 6 countries were able to manage and keep their Government Debt under 60 % of the GDP.

2011* from the September 2011 World Economic Outlook

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For more Information and the continuance of this analysis, please continue to the next page ► @ the above page label "Current Account and Savings" (in case you are viewing the html version of this file), or, please use the link bellow▼

Note: The following Nations were mentioned and considered in this analysis, because: ▼

The subject and the objective of this analysis is to prove that the actual crises was foreseeable years ago, and in order to do that 5 tools of analysis were identified: because GDP Growth is not enough we must consider, Debt, Budget, Savings, Current Account, and if needed Net Capital Account.

1st - Size doesn't matter, because it will not prevent default, if the economic fundamentals aren't their, systematically;
2nd - Portugal, is already within a support program from the IMf, the ECB and the European Commission, in order to prevent default;
3rd - When compared with Portugal, Finland have more or less the same GDP amount, in order to exclude the differences concerning the GDP amount;
4th - When compared with Portugal, Netherlands have more or less the same Population, to exclude differences between the numbers of the population;
5th - Spain as the main destination of the Portuguese Exports, is included, in order to exclude some of the imported foreign growth (trade balance);
6th - The rest of the Nordic countries, Sweden and Denmark, were chosen because they aren't among the Euro Nations. They have their own currencies;
7th - The Asian tigers, China and Australia, were chosen because, the 1st is known as a Net exporter, and the former as being very rich in Natural resoucers;
8th - Japan had been one of the most thriving Nations in the world. Now has one of the slowest rates of GDP growth among the G20;
9th - The United States of America and the United Kingdom, have the strongest Capital Markets in the world, and it has been so, for the past 3 decades.

For the continuance of this analysis, please see the next page ► @ the above page label "Current Account and Savings" (in case you are vision the html version of this file), or please follow the link bellow ▼

→ Link to the next page: https://docs.google.com/spreadsheet/pub?key=0Aiv44toDZ0opdF9xOENMcThUVFRNT1dUanFsMU1IckE&gid=1

→ Savings and a massive Trade Surplus are responsible for "Saving" or preventing Japan from default. More info at the end of the page ▼

Current Account

Current account balance (BoP, current US$) - Data provided by the World Bank Database[4]

Alongside with Japan, 4 other countries (China, Netherlands, Sweden and Denmark) have been accumulating a positive current account, mainly because of their Trade Balance, almost systematically, over the years.

	1980	1985	1990	1995	2000	2005	2010
Australia	-4,447,490,809	-9,172,411,918	-15,947,724,941	-19,276,732,605	-14,762,708,210	-41,031,814,658	-31,990,465,673
China	not available data	-11,417,000,000	11,997,000,000	1,618,390,000	20,518,382,000	134,082,020,553	305,373,967,005
Finland	-1,402,766,285	-806,258,709	-6,962,269,019	5,231,356,798	10,526,442,822	6,992,946,578	4,459,358,917
Germany	-15,621,770,495	18,021,247,582	47,659,425,593	-27,896,962,356	-32,278,726,554	140,614,819,427	187,943,019,643
Japan	-10,750,000,000	51,128,904,213	44,078,234,741	111,044,214,444	119,660,318,892	165,783,404,610	195,754,666,163
Netherlands	-854,956,679	4,247,718,696	8,088,821,798	25,772,729,768	7,263,720,776	46,618,218,495	51,634,599,720
Portugal	-1,064,048,802	379,982,443	-181,400,582	-131,802,964	-12,189,095,404	-19,821,281,863	-22,850,491,627
Spain	-5,579,999,645	2,785,470,118	-18,009,410,032	-1,966,861,256	-23,185,116,515	-83,388,150,704	-64,342,448,444
Sweden	-4,331,108,818	-1,010,297,687	-6,338,855,170	4,940,367,414	9,860,289,424	24,260,074,548	30,407,592,987
Denmark	-2,388,928,524	-2,767,043,670	1,371,546,057	1,854,784,040	2,261,835,982	11,103,861,630	17,133,604,950
United Kingdom	6,861,992,455	3,314,271,039	-38,810,922,317	-13,436,363,557	-38,800,261,343	-59,406,046,454	-71,603,666,827
United States	2,127,000,000	-124,455,000,000	-78,952,000,000	-113,561,000,000	-416,342,500,000	-745,779,979,478	-470,902,198,000

Savings

Gross savings in % of GDP - data provided by the World Bank accounts data, and OECD National Accounts data files (catalog Sources World Development Indicators)[5]

Japan lost almost 24% of his Savings in % of the GDP, but currently still has one of the best Rate of Savings in this analysis. Their private and corporate Savings are around 95% of the government Debt, that is currently being held (in the hands of) by the Japanese Banks.

	Savings, rate of growth 1980 → 2010	1980	1985	1990	1995	2000	2005	2010
Australia	-20.02%	24.33	21.67	21.84	18.02	19.64	19.46	not available data
China	52.84%	not available data	34.63	39.50	42.12	36.83	48.04	52.93
Finland	-23.81%	27.17	23.95	23.40	21.89	28.65	25.63	20.70
Germany	17.66%	19.65	19.02	22.99	20.53	20.17	22.31	23.12
Japan	-23.97%	31.25	32.03	34.13	30.37	27.96	27.15	23.76
Netherlands	2.14%	22.94	23.80	25.52	26.65	28.12	26.18	23.43
Portugal	-65.99%	28.67	20.71	26.89	23.61	18.26	14.17	9.75
Spain	-11.10%	21.17	21.61	22.47	22.07	22.56	22.39	18.82
Sweden	17.86%	21.16	21.41	22.17	20.43	22.88	25.02	24.94
Denmark	23.40%	17.82	18.63	21.66	21.76	23.22	25.50	21.99
United Kingdom	-35.09%	18.01	17.14	15.47	15.21	14.64	14.36	11.69
United States	-43.24%	19.22	16.61	15.07	16.37	17.86	14.71	10.91

... it is possible to conclude the following ▼:

■ 1st - Having positive signs on the side of the growth rate is not enough to sustain a positive report, concerning the health or the good governance of an economy.

■ 2nd - About Japan - Even though they have a very difficult situation concerning the budget deficit and their debt, they have several positive signs that are balancing their economic outlook: A massive current account surplus accumulated over the years; Their private and corporate savings are among the highest in the world, and they have been used to support Japan's debt; their Savings are mainly located in Japanese banks; Their Debt is denominated in Yens and they can print yens to buy out their debt - to a point - this probably will originate inflation, but they have room to spare because they are currently threatened by deflation and finally; they are showing signs of political will to balance their budget, despite the tremendous economic weight in the budget, created by the catastrophe of the recent earthquake followed by the tsunami.

■ 3rd - There are several countries within this analysis and also around the World, that inspire a great amount of care and work to turn their economic situation around. They have to face reality and start to change facts. Unless they react soon, the entire world will not be able to prevent and it will have to face an even deeper and harder recession.

■ 4th → Reversed sustainability (this note was added in March, 27th 2012).
If a country builds and launches a stimulus program, when the main variables of the economy are unbalanced, without reversing the unbalanced situation, this will only serve to worsen the problems. Explaning:
Starting situation: When the primary balance (budget) and the current account (mainly the trade balance - BOP) are accumulating deficits every year, the savings rate is decreasing, the country's debt is increasing, and this is happening sistematically over the years;

Action: Creating and applying one or several stimulus programs to the economy,

Result: Will only act like sugar ... it will create a sense of rush and energy, it will last for a short while, and then the economy will demand for more and more, sugar (stimulus)!!!

Because: This happens because the money will flow out of the economy, towards the lenders and to the ones that are producing the goods and the services that are feeding the country's demand. It will not stay there and because the structural problems are not corrected, the problem will not be solved, and it will only get worst.

This is called Reversed Sustainability;

The reason: The economy is using money (for the stimulus) that dosen't belongs to them, to secure the flow of their excessive consumption, allowing to continue the buying of goods and services that they haven't produced, minus the interest rate that they have to pay to their creditors, thus, asking again to the lenders if they can lend them even more money, to continue doing the same lousy business.

The Capital account can only help for a while, until capital decides to "face reality". Then, when the risk of doing the same thing (lousy business) is too high, and someone else is doing it better, it too (the capital), will also start to flow out of the economy, from one day to the other, over the night. It might take a year or so, but, to build a productive platform in the industry, to change the habits of consumption, to restrain the budget expenses and to increase taxes, will be much harder, will need public support that wont be there, and it will certainly take many years.
I only hope that when the time comes, the economies that are related to this question, will have the time and the conditions that they will need, in order to rebuild and to correct their mistakes, without collapsing.
Everything can be done in order to prevent this, as long as they start to recognize that they have to change course. Now is the time to start changing.

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The Power of Numbers

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ECONOMICS

The term economics comes from the Ancient Greek οἰκονομία (oikonomia, "management of a household, administration") from οἶκος (oikos, "house") + νόμος (nomos, "custom" or "law"), hence "rules of the house(hold)". @ http://en.wikipedia.org/wiki/Economics

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1. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in current U.S. dollars. Dollar figures for GDP are converted from domestic currencies using single year official exchange rates. For a few countries where the official exchange rate does not reflect the rate effectively applied to actual foreign exchange transactions, an alternative conversion factor is used.
World Bank national accounts data, and OECD National Accounts data files.
Catalog Sources World Development Indicators --luisbeldroega Fri Feb 24 2012 00:08:22 GMT+0000 (Hora padrão de GMT)
2. Government budget balance, % GDP
General government budget balance as a percentage of GDP. Net lending (+)/ borrowing (-) is calculated as general govenrment' revenue minus total expenditure. This is a core Government Finance Statistics (GFS) balance that measures the extent to which general government is either putting financial resources at the disposal of other sectors in the economy and nonresidents (net lending), or utilizing the financial resources generated by other sectors and nonresidents (net borrowing). This balance may be viewed as an indicator of the financial impact of general government activity on the rest of the economy and nonresidents. Revenue consists of taxes, social contributions, gtrants receivable, and other revenue. Revenue increases governement's net worth, which is the difference between its assets and liabilities. General government total expenditure consists of total expense and the net acquisition of nonfinancial assets. --luisbeldroega Fri Feb 24 2012 00:11:21 GMT+0000 (Hora padrão de GMT)
3. General government debt, % GDP
Gross general government debt as a percentage of GDP. Gross debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future. This includes debt liabilities in the form of special drawing rights, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts payable. Thus, all liabilities in the [i]Government Finance Statistics Manual 2001[i] system are debt, except for equity and investment fund shares and financial derivatives and employee stock options. --luisbeldroega Fri Feb 24 2012 00:11:55 GMT+0000 (Hora padrão de GMT)
4. Current account balance (BoP, current US$)
Current account balance is the sum of net exports of goods, services, net income, and net current transfers. Data are in current U.S. dollars.
International Monetary Fund, Balance of Payments Statistics Yearbook and data files.
Catalog Sources World Development Indicators. --luisbeldroega Fri Feb 24 2012 00:13:51 GMT+0000 (Hora padrão de GMT)
5. Gross savings (% of GDP)
Gross savings are calculated as gross national income less total consumption, plus net transfers.
World Bank national accounts data, and OECD National Accounts data files.
Catalog Sources World Development Indicators --luisbeldroega Fri Feb 24 2012 00:15:49 GMT+0000 (Hora padrão de GMT)