



## The Crack-up Boom:

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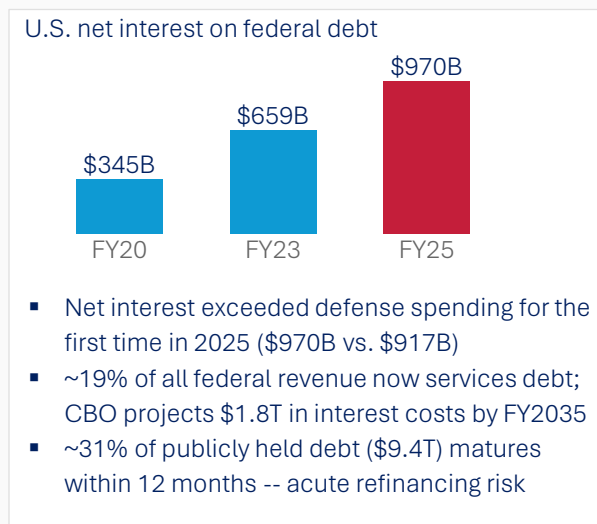
# The Crack-Up Boom

Mises warned that credit expansion ends not in deflation but in a flight from the currency itself. Six of seven G7 nations now exceed 100% debt-to-GDP. The preconditions are no longer theoretical.

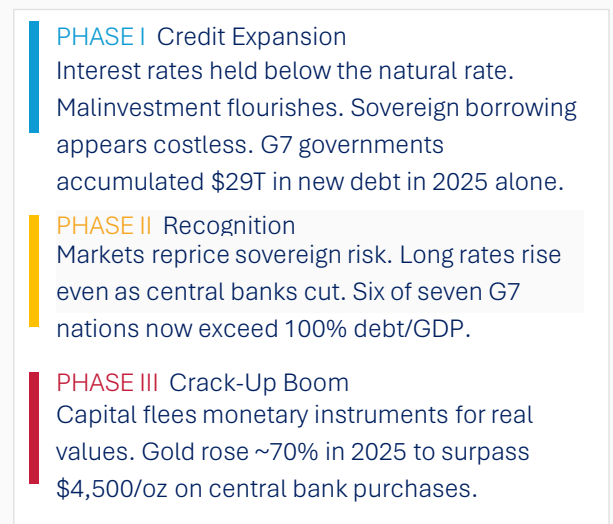
## G7 GROSS GOVERNMENT DEBT (% OF GDP)

Country	Debt/GDP	Nominal
Japan	230%	\$9.8T
Italy	137%	\$3.5T
United States	124%	\$38.3T
France	116%	\$3.9T
Canada	113%	\$1.8T
United Kingdom	104%	\$4.1T
Germany	63%	\$3.0T

## THE INTEREST TRAP



## THE MISES FRAMEWORK



<b>\$348T</b> Global Debt YE 2025	<b>308%</b> Global Debt to GDP	<b>100%+</b> U.S. Public Debt to GDP (FY25)	<b>&gt;100%</b> IMF Projected Global by 2029
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## THE STRUCTURAL IMPLICATIONS

- Monetary policy is subordinated to fiscal sustainability. Central banks cannot raise rates to fight inflation without detonating sovereign debt spirals. The BoJ held negative rates for eight years before its first hike in 2024 - with government debt at 230% of GDP.
- Financial repression is already the policy. When nominal GDP growth exceeds the average cost of debt, the debt-to-GDP ratio falls without spending cuts or tax hikes. This requires holding real rates negative - a silent, compounding tax on all holders of nominal claims.
- No G7 government has a credible consolidation path. The IMF projects global public debt above 100% of GDP by 2029 - the highest since 1948.

Mises wrote: "There is no means of avoiding the final collapse of a boom brought about by credit expansion." The G7 debt service has begun to consuming a larger share of output than governments can plausibly reclaim through growth or taxation.

Sources: IMF WEO (Oct 2025) for G7 debt/GDP; IIF Global Debt Monitor (Feb 2026) for global aggregates; CBO Monthly Budget Review (FY2025) and U.S. Treasury MTS (Sep 2025) for U.S. fiscal data; IMF Fiscal Monitor (Oct 2025) for projections. Nominal G7 debt from Visual Capitalist / IMF. France downgrades: S&P, May 2024 (AA- from AA) and Oct 2025 (A+ from AA-). Gold: LBMA/WGC, avg Q4 \$4,135/oz. CBO baseline projections from The Budget and Economic Outlook: 2025-2035 (Jan 2025).



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