

Financing the transformation and meeting the challenges

Two fundamental questions must be answered:

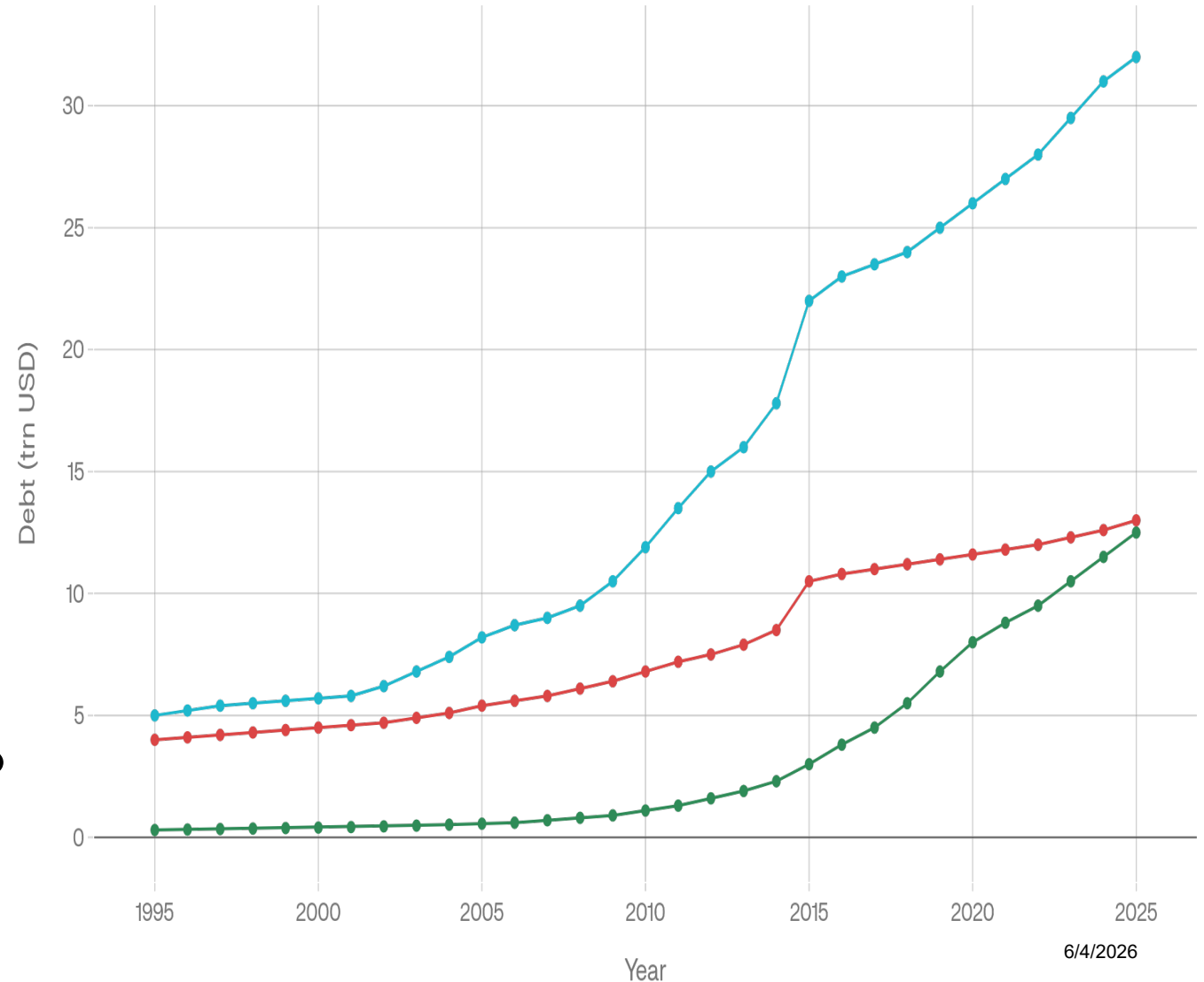
- How much money is available?
 - Are we securing that available money is well used?
 - *For industrial development?*
- or
- *To increase existing asset values?*

Government gross debt in trillion USD (1995-2025)

Source: Approximate levels consistent with IMF-style debt-to-GDP paths

region — US — EU — China

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Increasing debts show the limited amount of money ?

Increasing debts just show money creation ?

-What needs to "paid back"?

-\$ for *Manufacturing* or *Finance*?

What is *financially* possible?

John Maynard Keynes, 100 years ago:

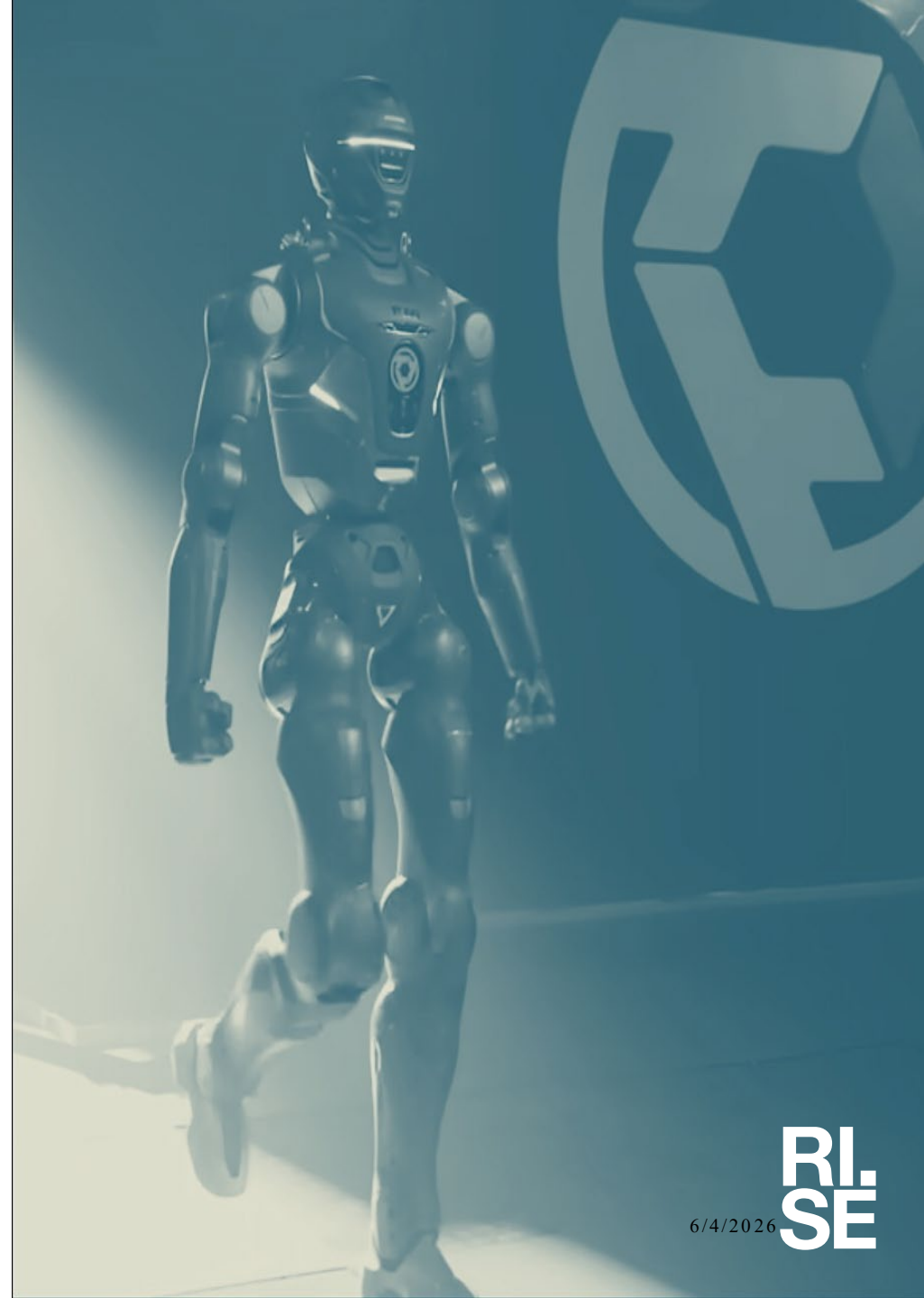
- "We can [financially] afford everything we can do"

Randall Wray:

- "States spend by keystrokes they can never run out of"

Stephanie Kelton:

"The US can make its "debt", all of it, disappear tomorrow"



What is financially possible?

Two radically different narratives:

EU, Sweden in particular : *The challenge is:*

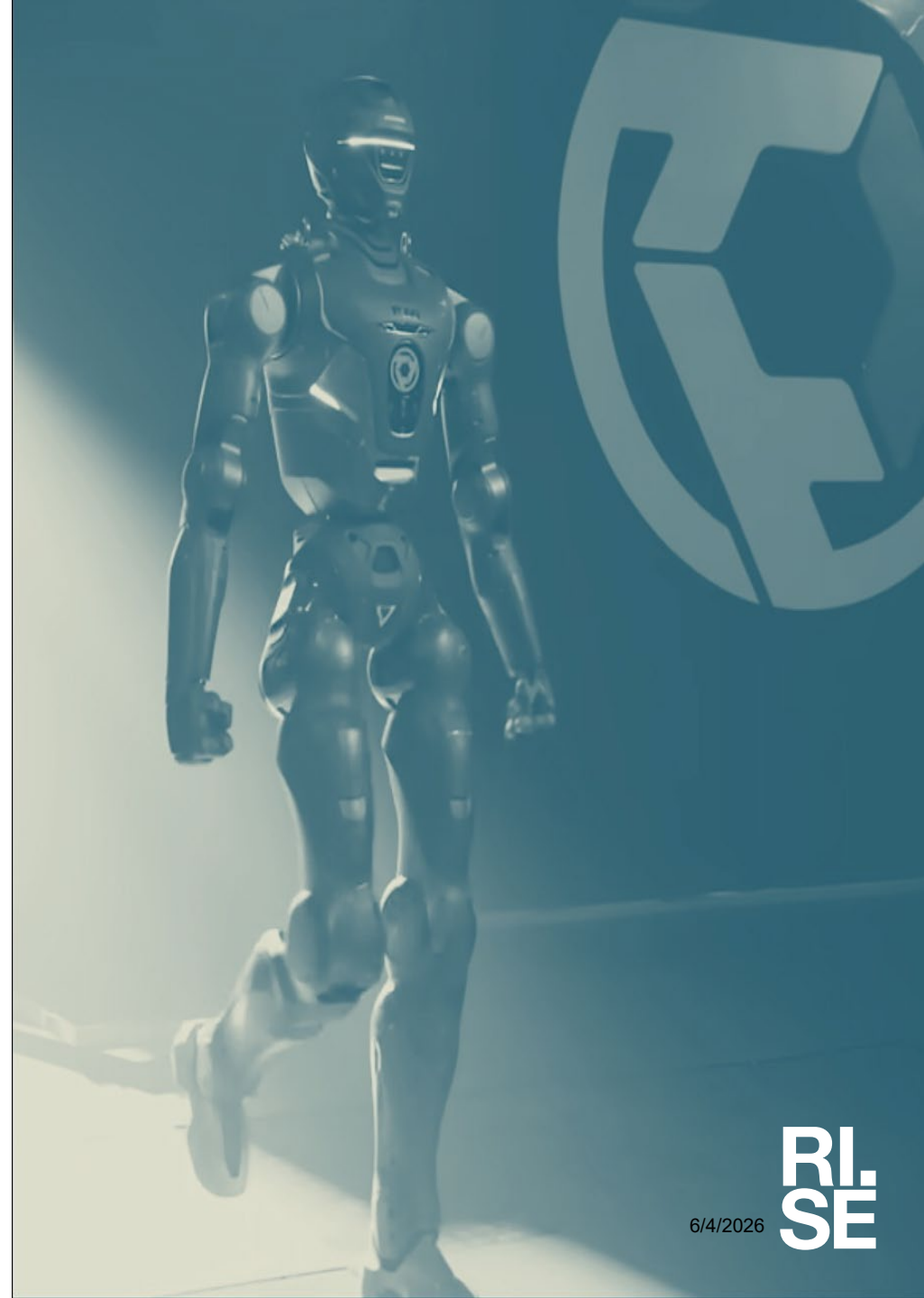
Limited available money for financing!

(Maastricht -rules, "överskottsmål")

China (and the US): *The challenge is:*

Limited physical resources, energy, and competence!

(US representative at IVA: *"We have no cap on spending"*)



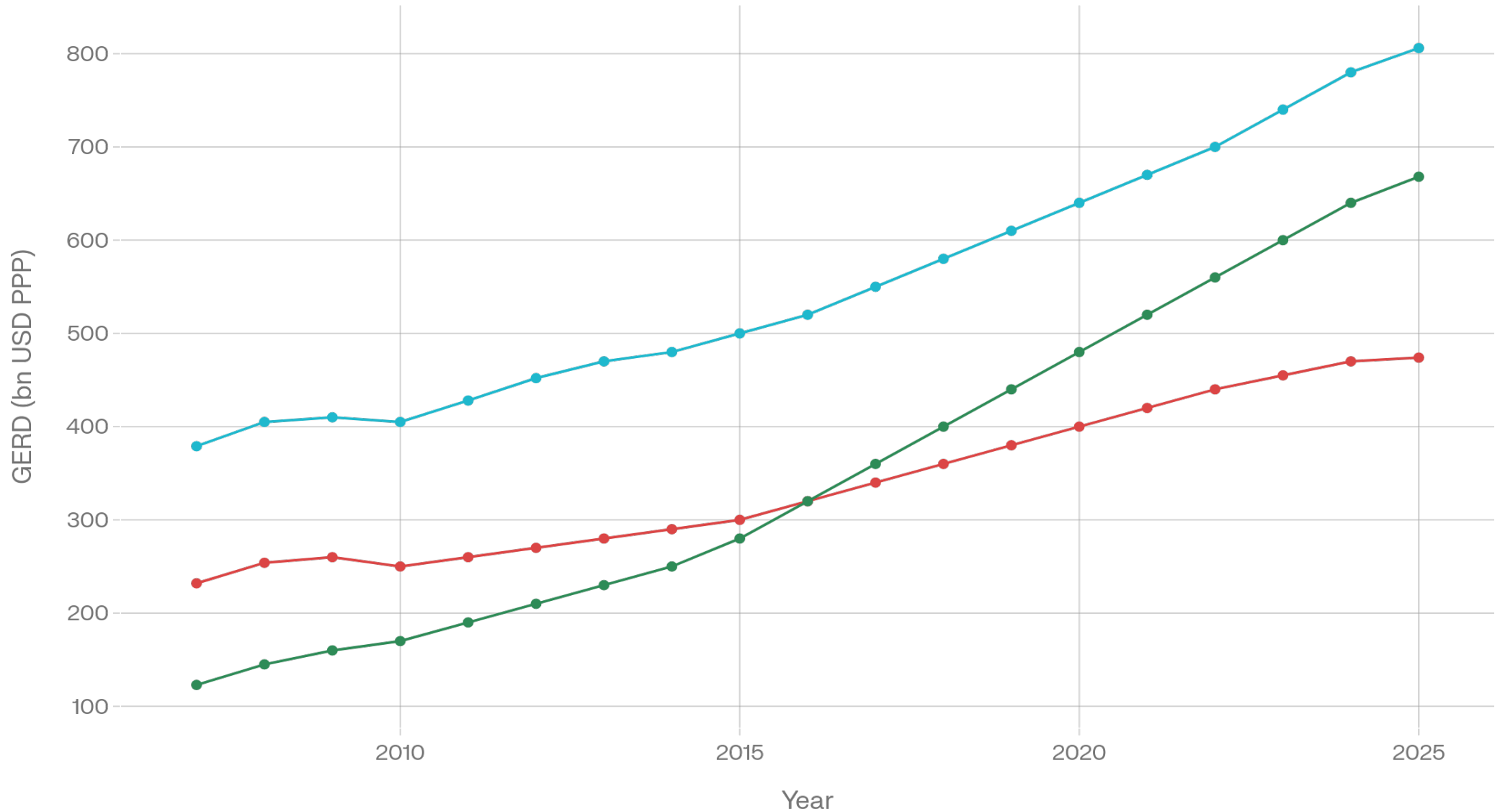
V O L V O

Gross domestic spending on R&D (GERD), 2007-2025

Approximate billion USD PPP, based on NSF/OECD data

region — US — EU — China

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Chinese GDP focus: *RnD and physical* resources:

(Some) examples:

- 2013-2021: *China \$679 billion, US \$76 billion, EU \$120 -150 billion for infrastructure projects*
- ASPI: *”China international leader within 57 of 64 critical technologies”*
- Ford CEO: *”China’s EV’s are way ahead of ’the West’”*
- Economic Complexity Index: *China has past Sweden*

US, but also EU, GDP: *Financialization*:

(Some) examples:

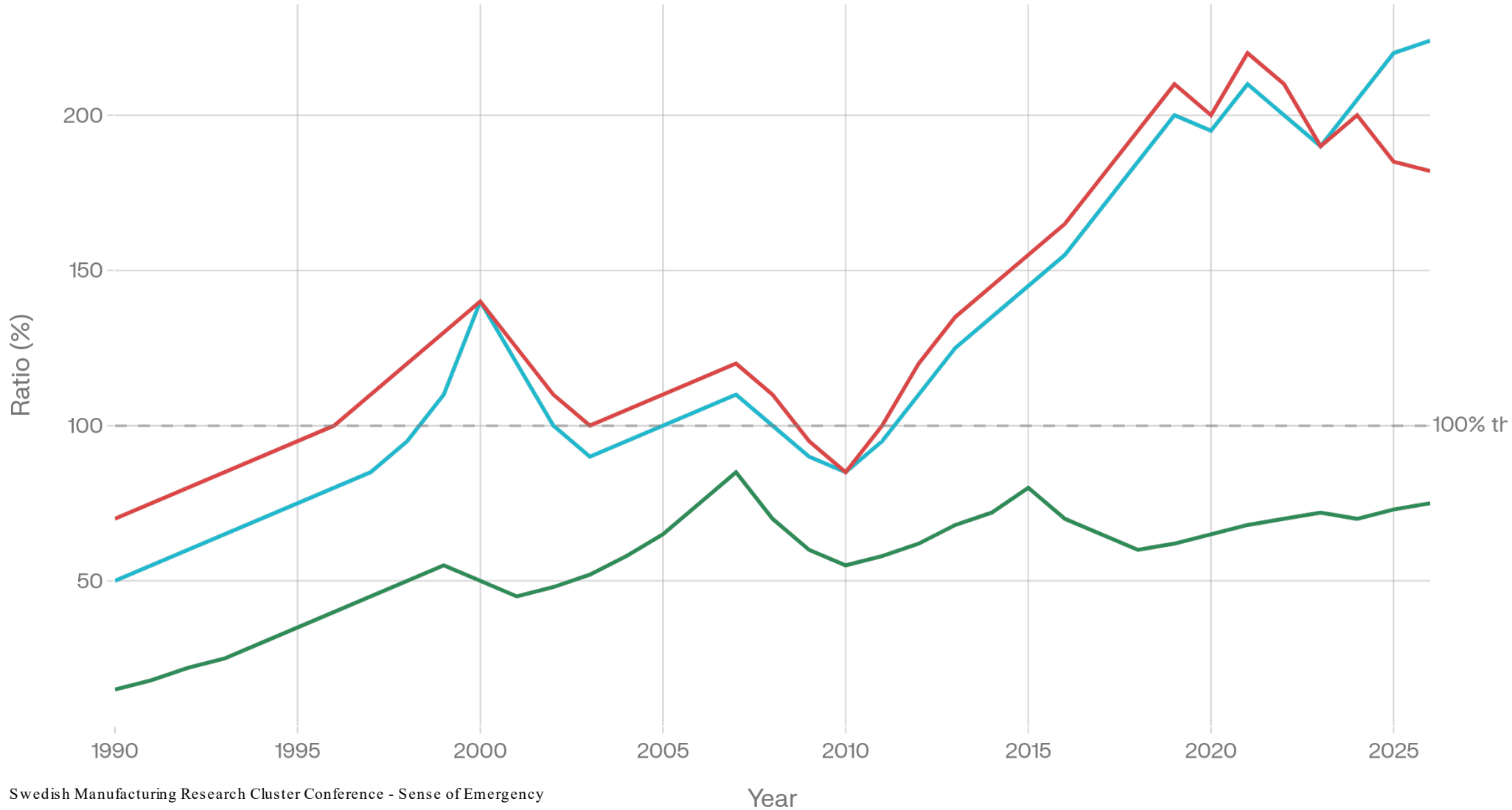
- Corporate profits: *Ever increasing share from capital gains, not manufacturing*
- GDP: *Ever increasing share from financial transactions, not manufacturing*
- Economic gains: *Ever smaller share of the population (capital owners)*
- Warren Buffet Indicator: (Stock value/GDP): *Increasingly dangerous levels*

WARVVO Warren Buffett Indicator by Country (1990-2026)

Market Cap to GDP Ratio | US and Sweden significantly overvalued

United States Sweden China

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What about inflation?

Richard Vague:

"There simply is no correlation between state spending, interest rates, and inflation"
(However, significant asset "inflation"!))

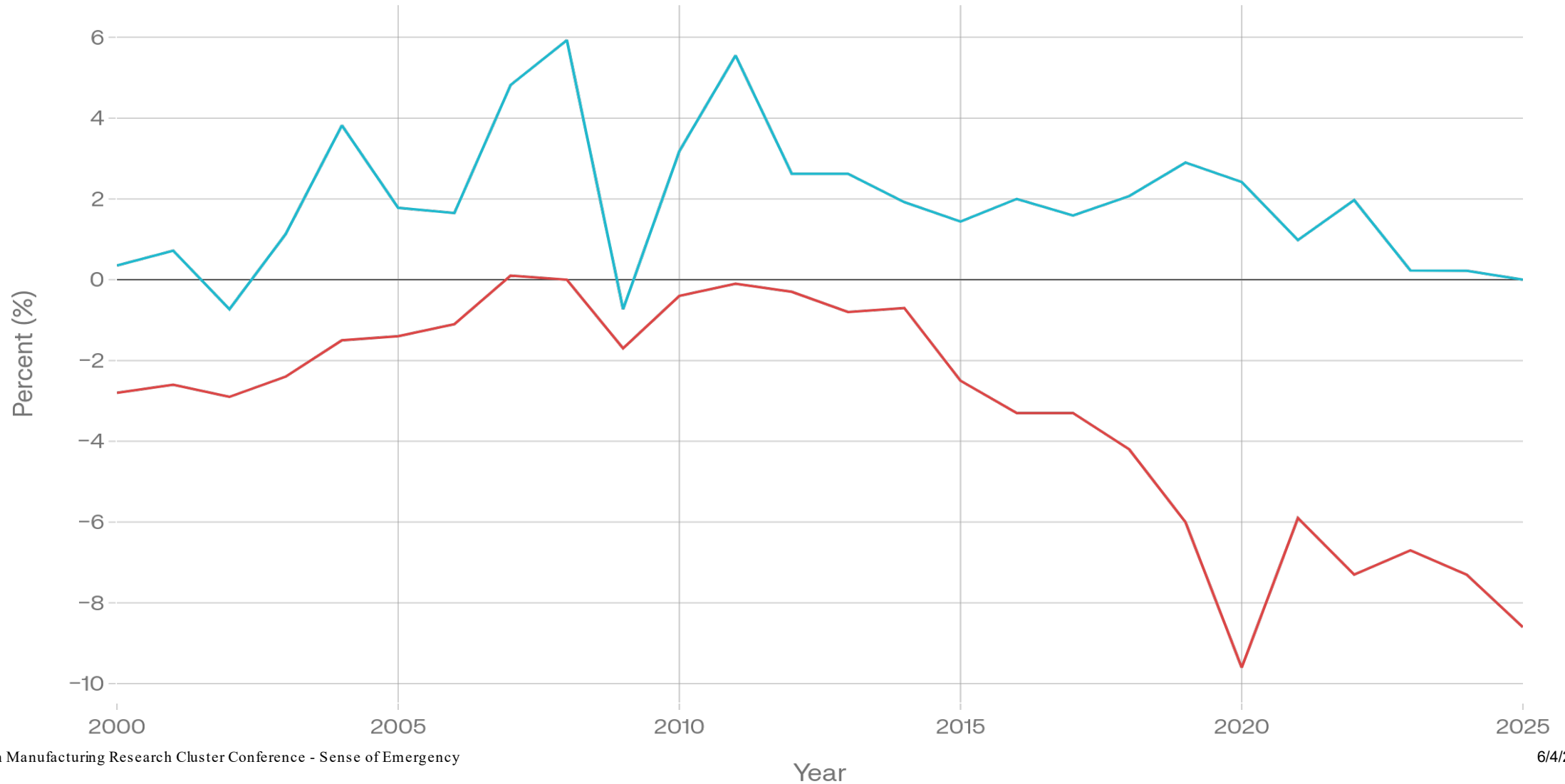
"All sustained periods of inflation the last 200 years were caused by reduced output"

China: budget balance and inflation (2000–2025)

Source: World Bank, IMF, FRED | Widening deficit amid cooling inflation

CPI Inflation Budget Balance

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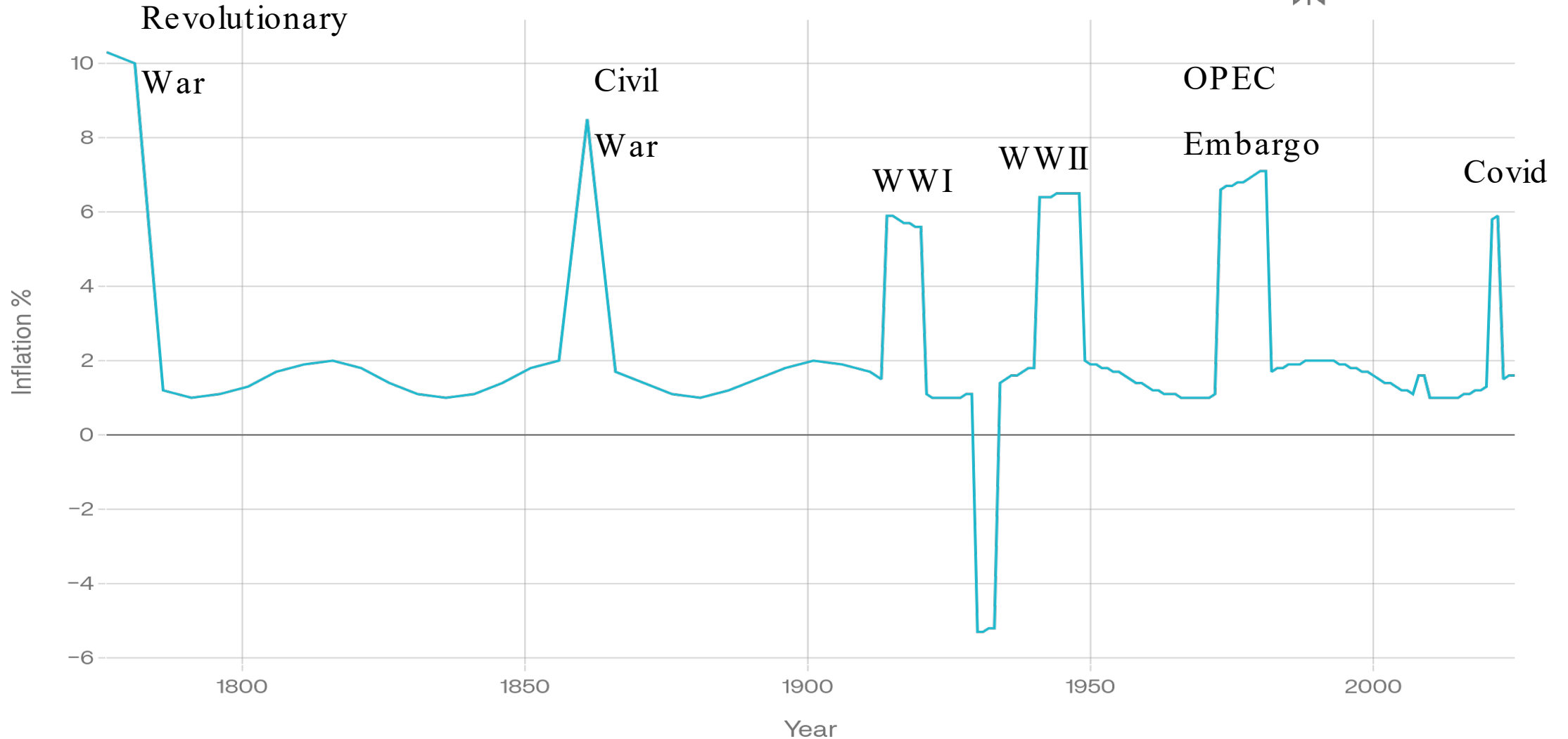


V O L V O

Approximate US CPI inflation rate, 1776-2025

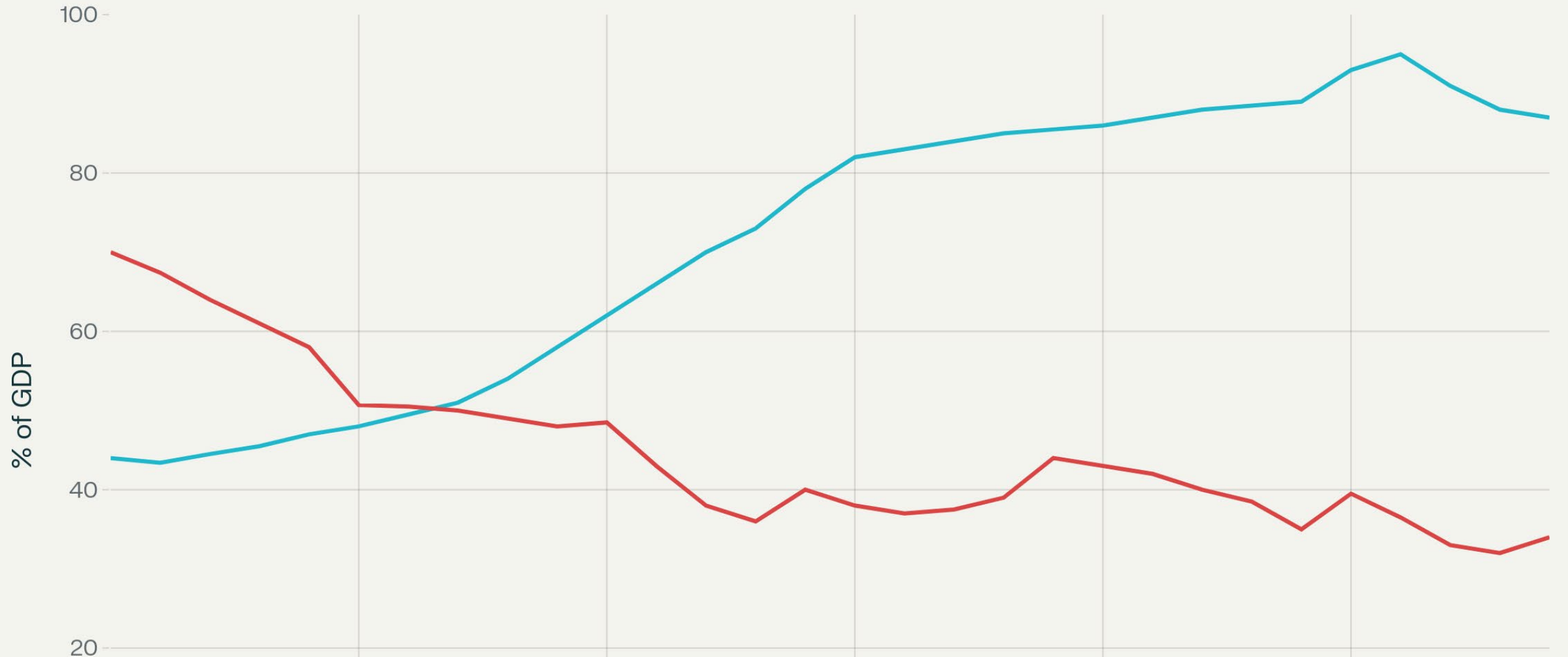
Illustrative series using historical patterns from MeasuringWorth, OfficialData and BLS/Minneapolis Fed

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Swedish Debt: Household vs Gov

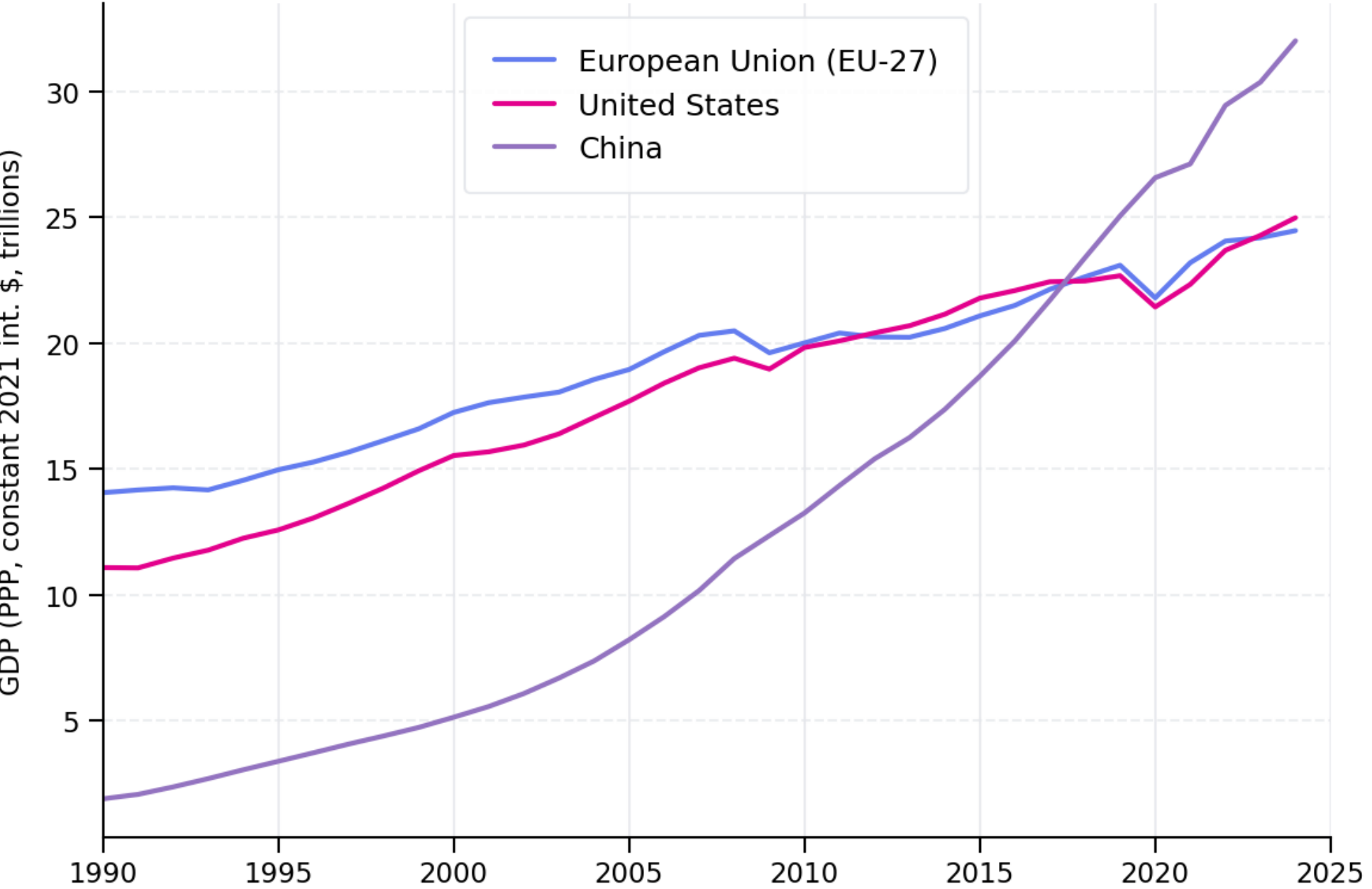
Household Debt Gov Debt



(Some) Chinese Scientific Achievements

- **2005** , **6 of 10** most “high -impact paper” producing universities: **US**
- Today: **1 of those top 10 universities** is in the **United States** . (Harvard)
- Nature’s “physical sciences” ranking: **18 of top 25** most productive: **Chinese** .
- In Nature’s “geosciences” ranking: **19 of the top 20: Chinese** .
- In Nature’s “chemistry” ranking: **25 out of 25: Chinese** .
- Nanoscale manufacturing and photonics: **10 of the 10: Chinese** .
- Supercapacitors, navigation, satellites: **9 out of 10: Chinese** .
- Optics, radiofrequency, chemical coatings: **8 out of 10: Chinese** .
- Energy technologies, and nuclear waste treatment: **7 out of 10: Chinese** .

GDP (PPP, constant intl \$) for EU-27, US, and China



How *is* Sweden meeting the Emergency?

- *By "saving" money and reducing our state "debt"?* **Yes!**
- *By reducing industrial and household debt?* **No!**
- *By fully mobilizing our physical and industrial resources?* **No!**
 - For example; underfunded "Malmbana": 100 mKr loss/day when still!

How *could* Sweden and EU meet the Emergency?

- Radically change economic policy?
 - *Shift focus from "saving" money to fully mobilize our industrial resources?*
 - Can EU and Sweden mobilize our industry as China does? **Of course!**
 - *Look at the pandemic spending (500 billion "extra" kronor)!*
 - *Look at the current military build up!*
 - *Bank loans can be guided toward industry! (85% current loans to existing assets)*
 - **The money to finance the solutions to the challenges is there!**