



The War in Ukraine Marks the End of the American Century. “What’s Left is a Steaming Pile of Dollar Denominated Debt”

## Description

*USA: “The ferocity of the confrontation in Ukraine shows that we’re talking about much more than the fate of the regime in Kiev. The architecture of the entire world order is at stake.” **Sergei Naryshkin**, Director of Russia’s Foreign Intelligence.*

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Here’s your ‘reserve currency’ thought for the day: **Every US dollar is a check written on an account that is overdrawn by 30 trillion dollars.**

It’s true. The “full faith and credit” of the US Treasury is largely a myth held together by an institutional framework that rests on a foundation of pure sand. In fact, **the USD is not worth the paper it is printed on; it is an IOU flailing in an ocean of red ink.**

The only thing keeping the USD from vanishing into the ether, is the trust of credulous people who continue to accept it as legal tender.

But why do people remain confident in the dollar when its flaws are known to all? After all, America’s \$30 trillion National Debt is hardly a secret, nor is the additional \$9 trillion that’s piled up on the Fed’s balance sheet. That is a stealth debt of which the American people are completely unaware, but they are responsible for all the same.

In order to answer that question, we need to look at how the system actually works and how the dollar is propped up by the numerous institutions that were created following WW2. **These institutions provide an environment for conducting history’s longest and most flagrant swindle, the exchange of high-ticket manufactured goods, raw materials and hard-labor for slips of green paper with dead presidents on them.**

One can only marvel at the genius of the elites who concocted this scam and then imposed it wholesale on the masses without a peep of protest. Of course, the system is accompanied by various enforcement mechanisms that swiftly remove anyone who tries to either break free from the dollar or, God help us, create an alternate system altogether. (Saddam Hussein and Muammar Qaddafi come to mind.) But the fact is— aside from the institutional framework and the ruthless extermination of dollar

opponents– there’s no reason why humanity should remain yoked to a currency that is buried beneath a mountain of debt and whose real value is virtually unknowable.

It wasn’t always like this. There was a time when the dollar was the strongest currency in the world and deserved its spot at the top of the heap. **Following WW1, the US was “the owner of the majority of the world’s gold”** which was why an international delegation “decided that the world’s currencies would no longer be linked to gold but could be pegged to the U.S. dollar, “because **the greenback was, itself, linked to gold.**” Here’s more from an article at Investopedia:

“The arrangement came to be known as the **Bretton Woods Agreement. It established the authority of central banks, which would maintain fixed exchange rates between their currencies and the dollar.** In turn, the United States would redeem U.S. dollars for gold on demand....

The U.S dollar was officially crowned the world’s reserve currency and was backed by the world’s largest gold reserves thanks to the Bretton Woods Agreement. **Instead of gold reserves, other countries accumulated reserves of U.S. dollars. Needing a place to store their dollars, countries began buying U.S. Treasury securities,** which they considered to be a safe store of money.

The demand for Treasury securities, coupled with the deficit spending needed to finance the Vietnam War and the Great Society domestic programs, caused the United States to flood the market with paper money....

The demand for gold was such that **President Richard Nixon was forced to intervene and de-link the dollar from gold, which led to the floating exchange rates that exist today.** Although there have been periods of stagflation, which is defined as high inflation and high unemployment, the U.S. dollar has remained the world’s reserve currency.



’s left is a steaming pile of debt. So, how on earth has the

dollar managed to preserve its status as the world’s preeminent

currency?

Proponents of the dollar system, will tell you it has something to do with “the size and strength of the U.S. economy and the dominance of the U.S. financial markets.” But that’s nonsense.

The truth is, reserve currency status has nothing to do with “the size and strength” of America’s post-industrial, service-oriented, bubble-driven, third-world-sh\*\*hole economy. Nor does it have anything to do with the alleged safety of **US Treasuries” which– next to the dollar– is the biggest Ponzi flim-flam of all time.**

The real reason the dollar has remained the world's premier currency is because of the cartelization of Central Banking.

**The Western Central Banks are a de facto monopoly run by a small cabal of inter-breeding bottom-feeders who coordinate and collude on monetary policy in order to preserve their maniacal death-grip on the financial markets and the global economy.** It's a Monetary Mafia and—as George Carlin famously said: “You and I are not in it. You and I are not in the big club.” Bottom line: It is the relentless manipulation of interest rates, forward guidance and Quantitative Easing (QE) that has kept the dollar in its lofty but undeserved spot.

**But all that is about to change due entirely to Biden's reckless foreign policy which is forcing critical players in the global economy to create their own rival system.** This is a real tragedy for the West that has enjoyed a century of nonstop wealth extraction from the developing world.

**Now— due to the economic sanctions on Russia— an entirely new order is emerging in which the dollar will be substituted for national currencies (processed through an independent financial settlement system) in bilateral trade deals until— later this year— Russia launches an exchange-traded commodities-backed currency that will be used by trading partners in Asia and Africa.**

Washington's theft of Russia's foreign reserves in April turbo-charged the current process which was further accelerated by banning of Russia from foreign markets. In short, **US economic sanctions and boycotts have expanded the non-dollar zone by many orders of magnitude and forced the creation of a new monetary order.**

How dumb is that? For decades the US has been running a scam in which it exchanges its fishwrap currency for things of genuine value. (oil, manufactured goods and labor) But now the Biden troupe has scrapped that system altogether and divided the world into warring camps.

But, why?

To punish Russia, is that it?

Yes, that's it.

But, if that's the case, then shouldn't we try to figure out whether the sanctions actually work or not before we recklessly change the system?

Too late for that. The war on Russia has begun and the early results are already pouring in. Just look at the way we've destroyed Russia's currency, the ruble. It's shocking! Here's the scoop from an article at CBS:

**“The Russian ruble is the best-performing currency in the world this year....**

Two months after the ruble's value fell to less than a U.S. penny amid the swiftest, toughest economic sanctions in modern history, **Russia's currency has mounted a stunning turnaround. The ruble has jumped 40% against the dollar since January.**

Normally, a country facing international sanctions and a major military conflict would see investors fleeing and a steady outflow of capital, causing its currency to drop....

The ruble's resiliency means that **Russia is partly insulated from the punishing economic penalties imposed by Western nations** after its invasion of Ukraine..." ("[Russia's ruble is the strongest currency in the world this year](#)", CBS News)

**Huh? You mean the attack on the ruble didn't work after all?**

Sure looks that way. But that doesn't mean the sanctions are a failure. Oh, no. Just at look at the effect they've had on Russian commodities. Export receipts are way-down, right? Here's more from CBS:

**"Commodity prices are currently sky-high**, and even though there is a drop in the volume of Russian exports due to embargoes and sanctioning, the increase in commodity prices more than compensates for these drops," said Tatiana Orlova, lead emerging markets economist at Oxford Economics.

**Russia is pulling in nearly \$20 billion a month from energy exports.** Since the end of March, many foreign buyers have complied with a demand to pay for energy in rubles, pushing up the currency's value." ("[Russia's ruble is the strongest currency in the world this year](#)", CBS News)

You're kidding me? **You mean the ruble is surging and Putin is raking in more dough on commodities than ever before?**

Yep, and it's the same deal with Russia's trade surplus. Take a look at this excerpt from an article in The Economist:

"Russia's exports... have held up surprisingly well, including those directed to the West. Sanctions permit the sale of oil and gas to most of the world to continue uninterrupted. And **a spike in energy prices has boosted revenues** further.

As a result, **analysts expect Russia's trade surplus to hit record highs in the coming months.** The IIF reckons that in 2022 **the current-account surplus, which includes trade and some financial flows, could come in at \$250bn (15% of last year's GDP), more than double the \$120bn recorded in 2021.** That sanctions have boosted Russia's trade surplus, and thus helped finance the war, is disappointing, says Mr Vistesen. Ms Ribakova reckons that the efficacy of financial sanctions may have reached its limits. A decision to tighten trade sanctions must come next.

But such measures could take time to take effect. Even if the EU enacts its proposal to ban Russian oil, the embargo would be phased in so slowly that the bloc's oil imports from Russia would fall by just 19% this year, says Liam Peach of Capital Economics, a consultancy. The full impact of these sanctions would be felt only at the start of 2023—**by which point Mr Putin will have amassed billions to fund his war.**" ("[Russia is on track for a record trade surplus](#)", The Economist)

Let me get this straight: The sanctions are actually hurting the US and helping Russia, so the experts think we should impose more sanctions? Is that it?

Precisely. **Now that we have shot ourselves in the foot, the experts think it would be wise to shoot the other one too.**

Am I the only one who is struck by the insanity of this policy? Check out this clip from an article at RT:

**“Russia could earn a record \$100 billion from gas sales to European countries in 2022 due to the sharp rise in energy prices,** French newspaper Les Echos reported this week, citing Citibank analysts.

According to the paper, the projected income from **gas sales will be almost twice as much as last year.** The analysis does not take into account profits from the sale of other Russian commodities, such as oil, coal, and other minerals.

Les Echos reports that, **despite sanctions and warnings of a sweeping embargo on Russian energy, the 27 EU countries continue to send roughly \$200 million per day to Gazprom.**” (“Russian gas revenues projected to hit new highs”, RT)

So the revenues from gas and oil sales are literally flooding Moscow’s coffers like never before. Meanwhile, energy prices in the EU and America have skyrocketed to 40-year highs.

Can you see how counterproductive this policy is?

**The EU is sinking into recession, supply lines have been severely disrupted, food shortages are steadily emerging, and gas and oil prices are through-the-roof.** By every objective standard, the sanctions have not only failed, but backfired spectacularly. **Can’t the Biden people see the damage they’re doing? Are they completely divorced from reality?**

Imagine if the Ukrainians use Biden’s new artillery battery (HIMARS) to shell cities in Russia? Then what?

Then Putin takes off the gloves and shuts off the flow of hydrocarbons to Europe immediately. That’s what’s going to happen if Washington continues to escalate. You can bet on it. If Russia’s “Special Military Operation” suddenly becomes a war, the lights across Europe will go dark, homes will begin to freeze, factories will go silent, and the continent will slide headlong into a protracted and painful depression.

Does anyone in Washington think about these things or are they all so drunk on their own press clippings they’ve completely lost touch with reality?

Here’s more from an article at RT:

“Even as the collective West continues to insist – against all observable reality – that the conflict in Ukraine is going well for Kiev, major media outlets are becoming increasingly uneasy with the situation on the economic front. **More and more observers are admitting that the embargoes imposed by the US and its allies aren’t crushing the Russian economy, as originally intended, but rather their own....**

**“Russia is winning the economic war,” the Guardian’s economics editor Larry Elliott** declared on Thursday. “It is now three months since the west launched its economic war against Russia, and it is not going according to plan. On the contrary, things are going very badly indeed,” he wrote...

In a May 30 essay, **Guardian columnist Simon Jenkins also said that the embargo had failed...**

As Jenkins points out, the sanctions have actually raised the price of Russian exports such as oil and grain – thus **enriching, rather than impoverishing, Moscow while leaving Europeans short of gas and Africans running out of food.** (“As sanctions fail to work and Russia’s advance continues, Western media changes its tune on Ukraine”, RT)

Did you catch that part about “Russia winning the economic war”? What do you think that means in practical terms?

Does it mean that **Washington’s failed attempt to maintain its global hegemony by “weakening” Russia is actually putting enormous strains on the Transatlantic Alliance and NATO that will trigger a re-calibration of relations leading to a defiant rejection of the “rules-based system.”**

Is that what it means? Is Europe going to split with Washington and leave America to sink beneath its \$30 trillion ocean of red ink?

Yes, that’s exactly what it means.

## Uncle Sam’s 30 Year Bender

Proponents of Washington’s proxy-war have no idea of the magnitude of their mistake or how much damage they are inflicting on their own country. **The Ukraine debacle is the culmination of 30 years of bloody interventions that have brought us to a tipping point where the nation’s fortunes are about to take a dramatic turn-for-the-worse.** As the dollar-zone shrinks, standards of living will plunge, unemployment will soar, and the economy will go into a downward-death spiral.

**Washington has greatly underestimated its vulnerability to catastrophic geopolitical blowback that is about to bring the New American Century to a swift and excruciating end.**

A wise leader would do everything in his power to pull us back from the brink.

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by Michael Whitney

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