

Death and Resurrection of the US Dollar

A Review Article

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Analysts the world over are starting to recognize the early warning signs of a gathering storm regarding the strength of the international financial system in general, and the stability of the United States Dollar, in particular.

This essay provides an alternative view on this impending crisis, written from the viewpoint of an Argentine analyst whose country has undergone recurrent monetary and financial crises over the past forty years, albeit on a domestic rather than an international scale.

Argentina experienced banking system collapses, inflation, hyperinflation, public debt defaults, stock market crashes and just about anything else you may care to imagine in terms of financial and monetary crises. Chronic inflation was so bad that since 1970 the Argentine currency - the Peso - was revamped four times and had a total of 13 zeroes knocked off in order to cope with inflation, the result being that One Peso which today will just barely buy you a bus ride in Buenos Aires City, is equivalent to 10.000.000.000.000 pesos from 1970, which at that time would have allowed you to purchase the entire country and left some change in your pocket.

In this country, we therefore have a lot of practical first-hand experience on these matters and we believe that we have much added value to contribute if we apply our practical knowledge and experience to what seems to be a cross-roads situation afflicting the global financial and monetary systems.

Today's financial turmoil rings a lot of familiar bells to us and the sickly US Dollar is certainly looking a whole lot like the old Argentine Pesos and "Australés" of yore. Perhaps too, some lessons can still be learned and the damage from these enormous risks can be somewhat mitigated.

Adrian Salbuchi, June 2005[1]

Getting the Job Done

Last January, US President George W. Bush began his second term in office by declaring foreign policy objectives with clear imperial overtones that seem to promise increasing violence and disruption on a worldwide scale. Aside from the on-going illegal military occupations of Iraq and Afghanistan, we can most certainly expect other major crises and convulsions of a military, political, economic and financial character. One of these has specifically to do with the use and abuse of the US Dollar as an instrument of Imperial World Power by the Bush Administration.

In today's "globalized" and "interdependent" world, hi-tech applied to geopolitics, economy and finance have transformed all of us into potential victims of a vast number of virtual *tsunamis* which do not involve oceanic waves but rather waves of technology-driven social catastrophes, financial collapse and artificial crises resulting in civil wars, external invasions, genocides and collective disruption on a scale never seen before. And even though these may be virtual *tsunami*, the harm and suffering they cause are very real.

The world is on the verge of experiencing the controlled destabilization and collapse of the US Dollar, which will be replaced by a "New Dollar" backed by Official "Good Gold." The primary driving forces behind this global process are the Bush Administration allied to major private financial-industrial interests in the United States and elsewhere, focused on private Overworld geopolitical planning emanating from a network of think tanks, primarily the New York-based *Council on Foreign Relations*.

The Controlled Destabilizing and Collapse of the US Dollar.

"The King is dead! Long Live the King!" Such has been since Medieval times, the cry announcing the demise of an English Monarch and the immediate enthroning of the chosen Royal Successor. If the US Dollar is the "king of world currencies" and governs today's usury-based international financial system, it is no doubt an old, decrepit, tired and sickly sovereign. Since the Empire will never allow his throne to remain empty and subject to unpredictable forces, we can be sure that old and sickly King Dollar already has an appointed blue-blooded royal successor, with rosy cheeks, golden locks and solid health.

In a short while, the world shall hear loud and clear an announcement declaring that *"The Dollar is dead! Long live the **New Dollar!**"* Then, the Throne of Usury in the temple of the god in whom the multitudes seem to trust, shall usher in a new sovereign who will enforce that centuries old creed, *"business as usual..."*

In recent years, the United States has driven and presently maintains a gigantic and massive printing of Dollar bank notes. No one seems to know for sure just how excessive such currency printing really is, but estimates put it somewhere between four to eight times the monetary circulation that tallies with the size of the US Economy (with a 2004 Gross Domestic Product of almost u\$s 13.000 billion).

The reader may ask how come we do not know what the amount of Dollars in circulation really is? Well, this is highly confidential information almost impossible to discover mainly because, contrary to what most people believe, the US Federal Reserve Bank (Fed) is a **private entity**, even though the US Government may exert some influence over it.² -i.e., the public institutions of Government cannot require the Fed to render this information, especially when you consider that the Chairman of the Federal Reserve Board, Alan Greenspan need only inform Congress on a quarterly basis what his monetary policy shall look like. We would emphasize that he need only *inform* what his policies will be, not seek instructions or consensus or agreement from Congress or the Executive branch.

If we add to this the gigantic aggregates of Dollar-denominated banking instruments and stocks & shares which are spread throughout all world markets, then this amount becomes almost incalculable. However, it is quite clear that the sum total of Dollar bills, Treasury bonds and bills, financial instruments of all types, stocks and shares, and all kinds of public and private financial instruments must equal a sum several times more than the total sum of physical assets and services available in the entire planet.³

In 2004, the US Budget Deficit was more than u\$s 450.billion, while the Current Account Deficit (foreign trade) was of around u\$s 670.billion (i.e., more than twice and thrice, respectively, the size of Argentina's foreign public debt). Additionally, the Bush Administration announced that both Deficits will increase in 2005 and there are no indications that this situation will improve in 2006, 2007 or 2008. Quite the contrary, in November 2004 president Bush asked Congress for authorization to increase the limit of the US Public Debt from u\$s 7.600.billion to almost u\$s 8.300.billion, which will be achieved by issuing US Treasury Bills and Bonds, and printing more and more Dollar bills by the US Mint.

The invasion and occupation in Iraq is estimated to cost more than u\$s 120.billion annually, to which must be added the occupation cost of Afghanistan, the direct financing by the US of the State of Israel's war machine, and the costs of preparing other future war theatres, notably in Iran, Syria, North Korea, Venezuela and other "axis of evil" countries. And we better not even start thinking about the US's "greatest enemy" for the long term, i.e., China... Only a few months back, president Bush got Congress to support him with a further u\$s 80.billion to cover military costs in Afghanistan and Iraq and all indications are that these military contingencies will necessarily increase in both of these war theatres.

The sheer enormity of these figures can help us understand why the US Federal Budget for 2004 of u\$s 2.400.billion, suffered a shortfall of more than u\$s 400 billion. There is, however, no indication whatsoever that this shortfall will force the United States to limit its war efforts in Iraq or Afghanistan, or curb domestic social policies, or freeze other war expenditures. Quite the contrary, these are increasing them more and more. So, the obvious question then is:

Where does the United States get the financial resources it lacks to pay for all of this?

The answer to this question is quite simple: it raises this money by printing US Dollar Notes and US Treasury Bills and Bonds (5 and 30 year maturities, respectively), taking advantage of the high "export" factor the Dollar enjoys, which enables the US Government to issue money and immediately push it out of its domestic economy and primary industrialized country financial circuits, thus avoiding what would otherwise be severe inflation of the Dollar. If we look at the gigantic figures involved, we can quite properly see this whole phenomenon as covert (hyper)inflation which remains hidden from public view....for now.

Fed Chairman Alan Greenspan recently warned that the increase in the Budget Deficit could lead to an economic crisis. He also pointed out that the Deficit is unsustainable and warned that "this could lead to a stagnant economy or worse". Only in February 2005 the Deficit reached a record monthly figure of u\$s 113.940 millions.[4](#)

The US Dollar: that un-backed currency...

"Who needs Dollars?" - **Juan Perón**

In 1971, President Richard Nixon withdrew the legal foundations of the US Dollar's convertibility into metallic gold or silver, or anything else for that matter. Since then, the Dollar is no longer convertible into anything having any intrinsic value whatsoever. Today, the cornerstone of the Dollar is US economic and industrial strength which, in turn, is based on the military might the US, consolidated after the Second World War which left Europe and

Japan conveniently devastated. Additionally, military victory brought with it the looting of hundreds of thousands of German, Japanese and other national patents and inventions, and highly sensitive technological and military secrets were stolen outright. All of this enabled the US to consolidate its superpower status and global prestige⁵

Thanks to the fact that the Dollar has virtually become the world's key currency – albeit, imposed by the combined actions of the Federal Reserve Bank (*Fed*), the International Monetary Fund (*IMF*), the World Bank (*WB*), the Bank of International Settlements (*BIS*) and, in our own region, the Inter-American Development Bank (*IDB*) – the United States has been able to finance its Budget Deficits by exporting US Dollars to the entire planet through various complex mechanisms and channels that guarantee that those Dollars and Dollar-denominated financial instruments will flow in an orderly and balanced manner, all in favour of US National Interests and that of its key allies. This process could be kept more or less in place until 2001 when the European Union launched its own currency bringing the Euro on the scene. The Euro is a far more solid and stable currency than the US Dollar and represents a major challenge to the Dollar which could very well unseat it as the preferred global currency.

Over the past two years, the US Treasury Dept. and the IMF have succeeded in suggesting/imposing on around thirty national central banks in different countries – Argentina's Central Bank included – that they must “soak up” US dollars from their domestic economies and hoard these in their vaults as “reserves” for their own local currencies and for foreign debt payment. In other words, these countries invest in US Dollars which implicitly means that they are financing for free a chunk of (uncontrolled) US public spending which is done by printing Dollar bills. This process is headed by Japan which today has Dollar denominated instruments in its central bank reserves to the tune of over u\$s 670.000.000.000; strangely, followed by the “Marxist” Peoples Republic of China with u\$s 470 billion, then by South Korea with u\$s 220 billion plus a long list of other countries which suddenly awoke to the “need” to “soak up” US Dollars and hoard them silently in their central banks whilst they issue, as a counterpart, their own local currencies to fuel their respective domestic economies (something, by the way, which China has been doing fiercely, maintaining an undervalued Yuan much to the displeasure of the Bush Administration).

In the case of Argentina, this phenomenon helps shed some light as to the true origins of our false “economic recovery” which is basically due to the fact that the Argentine Central Bank has issued important amounts of local currency based on its Dollar Reserves, which has suitably fueled economic growth. This will work nicely until such time as Argentine monetary authorities receive the suggestion / counter-order from the US Federal Reserve Bank or the Treasury Dept. to stop doing this. At present the Central Bank has reserves for over u\$s 22.billion and rising fast, which is Argentine President Nestor Kirchner's pride, because with those dollars he can pay our country's basically fraudulent public debt to.....the IMF, WB, IDB and other international creditors, thus helping to keep the global usury ball rolling!

You want money? OK....just print all you need!

Let me give a simple example of how the system actually works. The Federal Reserve Bank issues a 100 Dollar bill which is given to the Bush Administration so that the Dept. of Defense can give it to the US Army who buy some ammunition for their soldiers' rifles, who can then use it to kill iraquis in their invaded land. Now, the last thing that the Bush

Administration wants is for that 100 Dollar bill to flow *back* into the US financial system as that would be potentially inflationary. Because the process we described is repeated over and over again, millions upon millions of times and allows the Bush Administration to purchase not just ammunition, but, more importantly, barrels of oil, tanks, F16 fighter-bombers, Apache helicopters, guided missiles of all sorts, sizes and shapes, napalm, aircraft carriers, cluster bombs and all those other much needed instruments to promote “freedom and democracy” throughout the world, the secret is to ensure that these zillions of Dollar bills do *not* flow back into the US economy uncontrollably. Otherwise, that would have an inflationary – even a *hyper*-inflationary – effect.

What the US Government needs and gets is that, once each 100 Dollar bill the US Mint prints has been used to buy war material (or whatever), that it then gradually flows **out** of US domestic and primary financial circuits and that it **stays out** for as long as possible. I.e., that those Dollar bills eventually get “soaked up” by somebody somewhere far away: in Japan, Malaysia, China, India, Brunei, Saudi Arabia, Brazil, Indonesia or Argentina. Anything, as long as they make sure that those Dollars *do not come back* (at least not anytime soon), into US financial circuits and those of the primary supranational banking system.

From this point-of-view, we can well understand the huge pressure exerted by the United States on foreign central banks – especially those of subordinated countries – so that they permanently “soak up” US Dollars, which is equivalent to saying that *they take them out of circulation*. That gives the US some urgently needed respite and breathing space. Why does the US need to do this, you may ask? Simple: so that they can continue issuing as many 100 Dollar bills they need, in order to give them to the Dept of Defense who give it to the Army to buy some ammunition....well, you know the story.... And the cycle goes on and on and on....

By now you might be thinking that if you can get others to pay for your expenses and costs like this, then *anybody* can play at being a superpower. Well, that’s precisely how the system works. If George W. Bush needs money to finance his imperial appetite (which has grown voraciously in recent years, generating pathological and potentially catastrophic Deficits), then, no problem: he need only ask Alan Greenspan to issue all the Dollar bills he can spend; in this way he gets literally “all the money in the world”.

The key factor is to make sure that the spiraling wheel keeps turning and churning and turning and churning; printing, circulating, and then “soaking up” those dollars through the channels and at the speed which fit the Imperial need of ensuring they are dispatched far, far away. The real danger is if the wheel were to suddenly stop turning and churning because then all this vast and complex global financial engineering would simply collapse under a huge load of worthless paper with the ensuing dire consequences for our 21st Century Wizards of Oz.

For the United States to maintain global superpower status, there must always be somebody somewhere as far away as possible, on whom to dump vast quantities of unbacked US Dollars, continually and uncontrollably printed by the Fed so that once the US War machine has consumed that money, it can be silently and discretely removed from further circulation (i.e., “soaked up” and hoarded in foreign central banks, private savings, etc.). They need to make sure that these Dollars “disappear” after they have been consumed; at least for a while. And it really doesn’t matter whether they “disappear” into central bank vaults abroad or into individual investors’ safes and mattresses in Mexico, Indonesia, Argentina, Nigeria or Brazil. That’s not

really the issue.

In short, every time one of us “foreigners” (or “Aliens” as the US government sweetly calls us), buys Dollars as savings, or our national central bank “soaks them up” from domestic markets in order to maintain whatever rate of exchange the IMF requires in order to maintain a “sustainable economy” (Anne Kruger, *dixit*) – i.e., so as to ensure that we can pay back foreign debt loans – what we are really doing is **helping finance the US Budget Deficit. In the worst case scenario, we are helping to pay for the cost of killing iraqis and afghanis, preparing invasions against Iran, Syria, North Korea or Venezuela, or torturing POW’s in Guantanamo and Abu Ghraib.**

This will enable us to better understand why in countries like Argentina, successive caretaker governments presided by the likes of former presidents Carlos Menem, Fernando de la Rúa, Eduardo Duhalde and Néstor Kirchner *always* bow down to help the US in this way, through successive Argentine Central Bank governors, notably in recent years, Messrs. Mario Blejer, Alfonso Prat-Gay and, today, Hernán Martín Pérez Redrado⁶. Over the past three years, these gentlemen have all implemented policies of “soaking up” US dollars from the market in order to maintain the rate of exchange of the Peso to the Dollar.

As a counterpart, these market-economy puppet central bankers have had no problem in issuing Argentine Pesos to buy Dollars in the local market and the IMF and US Treasury Dept suitably applaud them for doing so. However, if the Central Bank were to issue Argentine Pesos to finance the building of our much needed national social and strategic infrastructure, then all “experts” and “media analysts” would go haywire to the scream of “Inflation!” Why is it that these “experts” insist that a 600 km four-lane highway is not proper “collateral” for issuing local currency, whilst neat piles of Dollars sleeping in the Central Bank is. Ah, the mysteries of global finance...

May we once again stress that the real backing which the US Dollar has nowadays is US economic strength, US prestige and, above all, the immensely powerful and apparently invincible armada of US military might which, since 11th September 2001 is permanently perched ready to attack, bomb and invade anybody anywhere for any reason. Not bad as a “convertibility” scheme: today, the US Dollar is convertible into bullets, bombs and tanks, not to mention covert CIA actions which could even include highly complex and costly domestic terrorist attacks like 911 which served as a *casus belli* for pro-israeli neocons in the Bush Administration to declare war on the entire world. Maybe someday we may know what *really* happened on that clear morning of September 11th, though that wont happen anytime soon...

In short and as a crude example of what we are saying, every time the Argentine people need to buy a barrel of oil, we must, as a community, **work and toil** to **earn** u\$s 57 to buy it. However, every time the US government needs to buy a barrel of oil, it just has to ask the Fed to **print** u\$s 57. Clearly, there is a great difference...

Again: *like that, it's easy be a global superpower.*

Mafia + Usury = “Market Economy”

But, as the old *adagio* goes, “*all good things must come to an end*”. And it would seem that with George W. Bush the era of printing all the money you want is fast coming to an end. In Argentina, we know only too well what happens when you print “all the money in the world”

to pay for uncontrolled government spending. Former president Raúl Alfonsín did just that and collapsed the economy into 5000% hyperinflation in 1989 with the ensuing hunger, street riots, violence, unemployment and suffering among the population.

Long before George W. made it to the White House, the perverse process had begun whereby Finance and Money which should always be subordinated to the Real Economy of Work and Production went out of control and – like a virtual *tsunami* – grew and grew into the monster which is today. Swamping and drowning out the Real Economy, destroying the forces of Labour, deconstructing Production and generating mass poverty and unemployment on a worldwide scale.

Indications of the geometrical swelling of this *tsunami* are everywhere to be seen, even though local and international so-called “analysts”, academics and the specialized media do not seem to notice it. An indicator of what we say can be found in the Dow Jones Industrial Average (DJIA) Index. Right after the collapse of the former Soviet Union, when George “*It’s the economy, stupid!*” Bush Sr. lost the 1992 elections to the young and upcoming Bill Clinton⁷, the Dow sat placidly at 3.700 points. Eight years later, however, when Clinton ended his second term in office in 2000 the Dow was at 10.900 points and had a short time earlier peaked at 11.700 points; that’s 300% growth over eight years!

The obvious question is: did the US economy also grow 300% between 1992 and 2000 as the DJIA did? The answer is clearly, no. Economic growth in the nineties in the US was very good but only averaged 3 to 4 percent per annum, so that during the entire Clinton era aggregate economic growth was not more than 40%.

Now, if the Real Economy only grew by 40% in eight years, how is it that the “Virtual Economy” of Finance and Speculation grew by 300%? Something is clearly rotten and not exactly in the State of Denmark. The key to all of this can be found in factors like Usury, printing of Fiat money, and rampant speculation which are embedded into the very fabric out of which today’s global financial system is made of. Money is created out of thin air by the Federal Reserve Bank and by the private mega-banking system by the billions of Dollars.

This all clearly carries with it a deep moral and ethical problem as the real force behind the “miraculous growth” of the US economy is “unlimited greed” (Greenspan, *dixit*), soulless egotism and homicidal profit-grabbing. In recent years, the stench could no longer be contained nor checked. The criminal frauds and inhumanities perpetrated by “world-class” *Fortune 500* Corporations and Banks hit the headlines daily: *Enron*, *WorldCom*, *Tyco*, *Nike*, *Marsh & McLennan*, *American International Group*, *Wal-Mart*, *K-Mart*, *Arthur Andersen*, *Halliburton* (Dick Cheney), *Harken Energy* (George W Bush), *Pacific Gas & Electricity*, *Adelphi*, *Qwest Communications*, *Global Crossing*, amongst so many others. Huge fines for money-laundering and corporate misbehaviour were paid by top banks as *CitiGroup* (money-launderers’ favourite bank), *JPMorganChase*, *Franklin National Bank of NY*, *Credit Suisse First Boston*, *Morgan Stanley*, *Merrill Lynch*, *Goldman Sachs*, *BCCI Bank of Commerce & Credit International* (closed down – linked to CIA), *Brown Brothers Harriman* (Bush), *HSBC* (originally born out of the British imperial Opium Wars fought against China in the mid-nineteenth century which gives this bank great drug money-laundering expertise)...

The list goes on and on, and this spirit of Usury and Immorality spans the entire world: *A-Hold* in Holland, *Parmalat* in Italy, *The Maxwell Group* in the UK, *Yukos* in Russia, *Vivendi* in France... Their top corporate bosses are investigated and even jailed: *Kenneth Lay* (Enron), *Bernhard Ebbers* (WorldCom), *Jeffrey Greenberg* (Marsh & McLennan), *Maurice Greenberg*

(AIG)...

Again, we Argentines know what this is all about!! We've had our share of corporate crooks in such scandals as *Yabrán*, *Beraja/Banco Mayo*, *Yoma*, *IBM*, *CitiBank*, *Moneta*, *ENTEL*, *YPF*, *Southern Winds*, not to mention one billion dollars plus in Public Funds belonging to Santa Cruz Province in southern Argentina which mysteriously "disappeared" since 1993 when president Nestor Kirchner was governor of that province...

The problem is that this whole process seems to have been taken several steps too far, so now the whole edifice is on the brink of collapse. The international financial system resembles a planetary Las Vegas managed by the Shylocks and Al Capones of this age, who sit in corporate boardrooms in Wall Street, the City of London, Paris and Zurich. They are starting to realize, however, that their luck is definitely about to run out. For decades they have danced themselves to a dizzy frenzy around the Golden Calf, stuffing their pockets whilst generating hunger, war, social turmoil, sickness and suffering for untold millions around the world. However, the "Game Over" sign is about to go on.

When Fed governor Alan Greenspan was asked in 1996 how he explained the fact that the DJIA had reached the unheard of level of 11.700 points, whilst the NASDAQ index had peaked at 6.000 points (today it has slumped to 1.600 points), his most eloquent reply was that this whole complex phenomenon was caused by "*irrational exuberance*"... You got it?

Just do it...

The truth of the matter is that the United States will stay in Iraq and Afghanistan all the time it wants, and will continue financing Israel limitlessly so that it can continue repressing and persecuting the Palestinian people in their own land, and new attacks will be made against today's expanded "Axis of Evil" which - Condoleeza Rice, *dixit*⁸ - now includes North Korea, Syria, Myanmar, Zimbabwe, Venezuela....

President Bush recently declared that he will continue promoting "freedom and democracy" throughout the world, thus honoring a shrewd recommendation contained in an old book which is a true blueprint for world domination, which recommends that Imperial Sovereigns impose their will by exerting "Force and Hypocrisy" Brute force we have plenty of just about everywhere. Hypocrisy is constantly voiced by our presidents, prime ministers, ministers, secretaries, government spokesmen, media and corporate leaders. This gigantic planetary machine needs oil to operate properly; lot's of oil. And not just the Iraqi, Venezuelan and Saudi hydrocarbon variety, but also virtual "oil" which today is the US Dollar which allows this infernal machine to run, grow and spin out of control.

But, alas! The US cannot continue printing Dollar bills indefinitely. Today's global financial system is bursting at the seams, and growing concern is marked on the brow and voice of the Alan Greenspans of this world. How much longer until there is a final crash? One year? Two years? Nobody knows for sure. We do, however, know that the US Dollar can collapse virtually at any moment if an unforeseen / unmanageable crisis were to arise.

This was one of the reasons why the plan to oust Saddam Hussein had to be speeded up in 2003. Since 2001, Saddam had been selling oil in Euros to the European Union under the Oil for Food Program, implicitly inviting other OPEC (Organization of Oil Exporting Countries) to do the same. Had this led to the world oil market quickly switching over from trading in US Dollars to trading in Euros as its base currency, this would have had the effect of generating

an enormous, sudden and uncontrolled influx of US Dollars from the whole world back into the United States economy with immediate inflationary effects which would have probably evolved into a hyperinflationary catastrophe for the US. The invasion of Iraq in March 2003 quickly dealt with that and stopped Saddam dead in his tracks, at the same time sending a clear message to all other oil producing countries who may have been playing with the idea of abandoning the “Dollar Area” in their oil tradings for the Euro. “If you do that, you’ll end up like Iraq...”, was the message, and nobody else did do that.

But the US also naively thought that invading Iraq would be like a joyride, that the proud Iraqi people would welcome the US invaders as liberators, and that a quickly subdued Iraq would speed up massive cheap oil flows from their oil fields to US gas stations at a cost of not more than u\$ 15 per barrel, which would have certainly eased the pressure on the US economy. But things did not quite turn out that way and the “cheap oil” objective was never reached. Today, Iraq is looking more and more like Vietnam whilst world oil prices have reached u\$ 57.60 a barrel and rising. This forced the Bush Administration to take such emergency actions as, for example, opening up vast virgin natural reserves in Alaska to the contaminating oil industry. The US economy’s voracious addiction to oil is very much out of control.

Today, excessive printing of US dollars has passed the point of no return. Monetary collapse can no longer be avoided. At best, it needs to be managed. Naturally, the US elite power *Establishment* and its key allies in the United Kingdom and the State of Israel are not stupid and they will not allow a hyperinflationary crisis to collapse their economies. There are various, creative and innovative ways of re-directing and detouring monetary catastrophes so that they hit somebody else somewhere else, and there are ways of ensuring that damage control at home and at our friends’ homes is kept at acceptable levels. It is precisely this “Plan B” which is presently on the drawing boards in the key think tanks headed by the New York-based *Council on Foreign Relations*, the London-based *Royal Institute of International Affairs*, and the *Trilateral Commission*.

It even appears as though “Plan B” consists of letting the present mass of US Dollars continue growing for a bit longer, all the way up to the brink of collapse, taking advantage as much as possible of the fact that this serves to ensure that the rest of the world finances the US Budget and Trading Deficits. The first part of Plan B, then, consists of making sure that the party lasts as long as possible, fueling all on-going military adventures.

We would even say that just a George W. Bush’s main purpose during his first term was to serve as a suitable figurehead for the “War on Terrorism”, **his primary purpose during his second term in office will be to lead a highly professional team which is taking advantage, promoting and managing the very complex monetary and financial engineering necessary for the demise of the Dollar, then ensuring its orderly replacement by a New Gold-backed Dollar.**

Let us consider a possible scenario of this sort.

The “New Dollar” is coming!

“Plan B” has a second part. Sometime during the next 12 to 24 months, our TV screens will tune in to CNN, CBS, BBC, CNBC, Fox and other world media as they announce urgent “Breaking News” involving important financial developments amid growing panic and dark rumours. Such news will come on a Friday afternoon, after 4 or 5 PM when the New York

Stock Exchange and banks in New York City have closed. We will learn that Alan Greenspan – probably accompanied by Treasury Secretary John Snow – have a very important announcement to make to the people of the United States and the world. His speech will be short, terse and filled with carefully selected banking jargon.

Greenspan will state something along the lines that “in an effort to uphold and reinforce the US economy and that of its key allies; to protect consumer interests and those of major corporations; to preserve the international financial system and to thwart a potential financial meltdown; to balance the Budget and avoid a stock market collapse, the United States will effective immediately implement a far-reaching Economic Reform and Financial overhaul, declaring an extended banking and exchange holiday”. In Argentina, we have lot’s of experience on this!.

He will then inform that President George W. Bush, with the full support of Congress, will sign a series of emergency executive orders whereby the US Dollar will be placed on a Gold Standard. Correspondingly, this will necessitate introducing a **New Dollar** convertible into metallic gold and this new currency shall replace all the “old dollars” in circulation which, as we have seen, are only backed by worthless paper, i.e., Fiat money. What’s going to happen with those “old” dollars? They will have to exchanged for New Dollars, of course.

All persons holding US Dollar Notes and Treasury instruments who are citizens of the US or are domiciled in the US, together with US corporations, and persons, corporations and organizations domiciled in countries allied to the US (most notably, the United Kingdom and State of Israel) shall have their “old” Dollars exchanged for New Dollars on a 1-to-1 parity.

In the rest of the world – i.e., Asia-Pacific, Central and South America, Africa, Russia, the Muslim World – changing “old” Dollars for New ones will depend on the local “exchange markets” which will fix the “proper” rate of exchange between the extremely plentiful “old” Dollars and the extremely scarce New Dollars. And what will that rate of exchange be? One-to-one? I doubt it, because supply and demand will set in almost as fast as panic. Two “old” Dollars for One New Dollar, then? Or, maybe, 3-to-1? Or 5-to-1? Or 10-to-1? Who knows? “Let the laws of the free-market economy – supply and demand – do their bidding”. And whatever happens elsewhere will certainly not be the concern of the US.

We will then see millions upon millions of desperate and panicky people, companies, banks, operators, players of all sorts throughout the planet running amok all at the same time trying to unload their “old” Dollars and exchange them for New Dollars. Again, in Argentina we have a *huge* amount of experience on this...

Alan Greenspan is definitely the man to micromanage this whole process, with the political support and backing of president George W, Bush, because he has always been a Gold Standard buff, since a long, long time ago. One of his first key academic articles dating back to 1967 proposed just that: placing the US Dollar on a Gold Standard.

And then along came the Euro...

Another key factor which helped trigger and speed up this impending crisis was the launching in 2001 of the greatest challenge to the Dollar so far: the **Euro**. As the monetary unit of the European Union (EU), the Euro carries the economic might of an entire continent with a combined GDP which is almost the same as that of the United States. Powerful stuff, indeed.

If we project future growth of both economies over the next twenty years, we find that the EU economy has greater potential than the US economy simply because the countries surrounding the UE are anxiously asking to be allowed into this vast and sophisticated economic and monetary system which in the long run will probably end up including even Russia itself. Each of the countries still outside the UE - Ukraine, Belorussia, Lithuania, Estonia, Latvia, Hungary and others - have great added value to contribute to the UE economy, both in terms of the economy, as well as geopolitically.

By comparison, the US can only expand its regional economy into Central and South America, where the countries in that region resist aggressive US penetration and, for more than a century, resent arbitrary US military interventions, invasions and repeated humiliations.

Quite a difference! Whilst the countries still to join the UE wish to do so voluntarily and anxiously await their turn, the US has no choice but to impose AFTA (American Free Trade Agreement) on unwilling neighbours that will permanently resist the regional hegemon. More importantly in the short term, there are a series of symmetries and asymmetries between the present Dollar and the Euro worth pointing out:

Comparison between the US Dollar and the Euro

Structural Strength (Technical Factor)

Low

- The Dollar is over-issued by a factor of 4 to 8 times (there being no trustworthy information available), because over the past years successive US administrations have abused the Dollar's high prestige and printing has gone out of control;
- Growing evidence of this structural weakness generates inflationary - even *hyper*-inflationary - risks which can be triggered by some internal or external political or financial crisis

High

- The Euro has only been just launched (2001). The European Central Bank in Frankfurt Germany issues clear public information showing that the amount of currency placed in circulation since 2001 is consistent with the size and productive capacity of the UE economy. No doubt, the Euro runs no inflationary risks at the present moment.

Cultural and Psychological Strength

Very High

- Intelligently, the US has kept the same format (i.e., the same national leaders, monuments and mottos) on its Dollar bill for more than a century.
- This gives the Dollar a feeling of unmovable stability: the effigies of Washington, Lincoln, Hamilton, Jackson, Grant and Franklin appear on 1, 5, 10, 20, 50 and 100 Dollar bills together with symbols of US power: the White House, the Treasury Department, Congress, the Lincoln Memorial, the Great Seal of the US (with its esoteric, Masonic and millenarian symbolism including the pyramid topped by

the all-seeing Eye of the Great Architect of the Universe ushering the Illuminati New World Order announced since 1776).

- Each Dollar bill bears the credo *"In God we Trust"*, although people increasingly wonder what "God" the US government is really talking about...

Low (still)

- The design chosen by European monetary authorities for the Euro is rather unfortunate. No doubt, finding consensus amongst fifteen countries was not an easy task. The Euro is bland, insipid and uninspiring, bears the sole word "Euro" and shows gates and bridges which rather than depicting real monuments merely reflect abstract architectural styles.
- Clearly, the Euro is an oxymoron designed by a committee, which brings to mind what our former president Juan Perón once said to the effect that *"a camel is a horse designed by a committee..."*. And a camel is what the Europeans got...
- The Euro contains no compelling symbols, which is something almost incredible coming from a continent having some of the most beautiful monuments in the world which could easily serve as very powerful symbols: the Roman Colosseum, the splendid cathedrals of Rheims or Cologne, the Parthenon of Athens, the Alcazar in Toledo...

In short, **the Dollar is a structurally weak currency with enormous psychological strength and prestige, whilst the Euro is a structurally strong currency with substantial cultural weakness.** Today, the US Dollar resembles those high-class families of yore which, having lost all their wealth, nevertheless maintain their noble appearances and pride. So much so, that people continue respecting them as if they still were powerful and rich lords. When reality finally catches up with the Dollar, its collapse could come quickly and violently. Meanwhile, the Euro can continue to mature solidly as long as the monetary, financial and geopolitical structures of the EU move forward. Clearly, in monetary affairs time runs *against* the US and in *favour* of the EU.

And then there's **China**. In a few years more, the most powerful economy in the world will be the Chinese economy and on top of that they are a nuclear power. With its two-currency and capitalist-socialist system, China has succeeded in implementing some of the fundamental concepts involving the use of Sovereign Currency - by way of the Yuan - to promote enormous internal development and growth. No doubt, in the long run, what really gives the US-UK-Israeli Empire leadership sleepless nights, is China.

One last comment for this section: in the Table above, we describe the great cultural strength of the US Dollar which has hardly been altered over the past century. Significantly, in recent years - and for reasons not yet clearly explained - the Federal Reserve Bank decided to begin slightly altering the physical appearance of the Dollar. The effigies of Franklin, Grant, Jackson, Hamilton and Lincoln were slightly displaced to the left and enlarged, security factors were introduced and, most notably, various color experiments changing the traditional green and black colors were also introduced. It began some years back with a new series of blue-coloured 20 Dollar bills, then came later red-coloured u\$s 50 Dollar bills, thus breaking the traditional "green" tradition for which the dollar is known the world over.

Might this be a way to prepare the collective psyche for the "great change" that will take

place when the New Dollar is finally and suddenly introduced at the same time that the old dollars are withdrawn from circulation? It is hardly necessary to remind readers that general acceptance of any currency is basically a social convention which thus carries a decisive psychological factor. All Nation-states know that acceptance of its currency - inside and outside of the country - depends on factors which need to be properly linked and tuned to the collective psyche, and which have to do with the Trust and Prestige emanating from the issuing agency. And this Trust and Prestige is not so much geared on a particular government (Administrations come and go), but rather on the strength of the issuing Sovereign Nation-State (which should permanently consolidate and increase its Power). Very possibly, the New Dollar shall have a totally different design than today's Dollars. It may even be of different colours and sizes.

Bases for a New Dollar.

These are relatively simple and can be described as follows:

- A Monetary Unit convertible into Gold at an official and mandatory rate of exchange fixed by the US Federal Reserve Bank, in coordination with the Bank of England and key supranational public and private financial players.
- The Gold backing the New Dollar will not be just *any* gold. Only special "officially approved New Dollar Gold Bullion" will be used and accepted, which will be specially minted and proof. It will no doubt carry an embedded chip or bar code or some other foolproof and failsafe anti-counterfeit element, ensuring total control by the monetary authorities.
- "Common" gold - i.e., non-officially approved and treated gold, will be worth maybe three, five or ten times *less* than the Special Approved Gold Bullion. This "Good Gold" is in all likelihood already being minted and amassed in the vaults of the Federal Reserve Bank in New York, the Bank of England in London and elsewhere.
- You may be thinking that this will trigger a gigantic worldwide financial crisis. No doubt, it will. That this will place the better part of the international financial system on its head. Of course it will. That there will be even more hunger, hardship, poverty, sickness, wars, epidemics and catastrophes of all sorts. Certainly... However, those who are "in the know" beforehand - i.e., the Empire's most trustworthy allies and friends (both in terms of countries as well as financial, economic and industrial groups and even a Mafia here and there) in the US, the UK and Israel - will receive all the necessary foreknowledge enabling them to mitigate the impact of this crisis and make ready. In Argentina we remember only too well own domestic monetary and financial meltdown in December 2001. The private banks and certain key individuals who were "well informed" got their money out of the system in a timely manner and when the crisis came, it was the populace at large that bore the brunt. The banks and major corporations came out surprisingly unscathed and today they are for the most part back to "business as usual", whilst more than 50% of the population sank below poverty levels.
- China, Japan, India with their vast reserves will feel the blow. They will loose vast

amounts of money. Japan will see its economic recovery delayed for years to come. China will see its huge growth slowed down, the aggregated effect of the global financial collapse will greatly harm exports from India, Taiwan, South Korea, Brazil...

- China herself seems to be making ready for this, as they are already transforming great chunks of their Dollar-denominated reserves of more than u\$s 470.000.000.000 - in "old" Dollars, of course- into physical assets (i.e., investments in South East Asia and in South America, and they are shedding dollars and buying Euros). Japan and South Korea cannot budge as swiftly and easily because they are military underdogs and politically subservient to the United States. To a great extent, their lots have been cast unless... Unless, as Samuel Huntington insinuated in his 1997 classic "The Clash of Civilizations", Japan and China were to forge an alliance similar to the one which Germany and France were able to reach over half a century ago. Imagine Japanese technology allied to the Chinese powerhouse and its military clout... Then South Korea might even be able to move forward towards reunification with the North under the aegis of China which wields the necessary influence over the North Koreans and can soften up their outmoded authoritarian style. This latter scenario most definitely keeps the US-UK-Israeli imperial leaders wide awake at night...

The "controlled collapse of the international financial and monetary system" is the next "Great Crisis" which the Real Power Structures of the New World Order have entrusted to George W. Bush and his team, knowing that they have the necessary psychological profile to promote this virtual fraud and robbery on an unprecedented planetary scale. The whole world has witnessed speechlessly at the incredible audacity with which George W. Bush and his team look into the TV cameras and blatantly lie without a blink in their eyes.

In this brief essay, we have described a *possible* future scenario, resulting from a series of technical factors (the extreme over-printing of US Dollar bank notes and Treasury bills and bonds), economic interests (mainly the Empire's wish and need to have free access to major oil fields around the world), and long term US-UK-Israeli geopolitical objectives (in the Middle East, in the short/medium terms; in South America, in the medium term; and in the Far East, in the long term). If we add to this the Empire's hunger for conquest, triggered and "justified" by the strange events of September 11, 2001 then we feel that the scenario described herein is not only possible but also *probable*.

Implications for countries like Argentina are enormous, for this will entail great threats of all sorts, but also unexpected opportunities as well. For example, why does the present Argentine government make such unsustainable and unrealistic efforts to "renegotiate" our huge Dollar-denominated foreign debt, when a collapse of the "old" Dollar could very well carry with it the virtual liquidation or, at least, vast reduction of that public debt?

Clearly, there is much food for thought in all of this, and many lessons to be learned from the past. Whatever may happen, if you have a large part of your assets in US Dollars - whether in bank notes, Treasury Bills, stocks and shares, investment funds, banking accounts or whatever - perhaps you would be wise to reconsider. In the coming collapse of the international monetary system, the safest thing to do will be to invest in the Real Economy and not in the unreal financial economy. In other words, consider buying *tangible* goods: real estate, companies, machinery, land, equipment, precious metals and stones,

and the like. No matter how bad an economic crisis may be, tangible goods will not disappear whilst the balance on your bank account appearing on an ATM screen can quickly vanish into nowhere. Oh, and don't forget: paper money is just that: **paper**.

Think about it..

Notes

1 Adrian Salbuchi is an Argentine writer, researcher and journalist. Member of *CREAR*, *Consejo Regional Estratégico Argentino*, the *Project for a Second Argentine Republic* and the *Centro de Estudios Económicos Mariano Fraguero*, Buenos Aires. Author of various books on geopolitics and economics, amongst them, *"El Cerebro del Mundo: la cara oculta de la globalización"* (Ediciones del Copista, Córdoba, Argentina, 4th Edition, 2003, 470 pages).

2 More than 95% of the Federal Reserve Bank's share capital is owned by the private member banks, which can, in turn, be traced back to key traditional finance dynasties, both in Europe and in the US: *Rothschild*, *Warburg*, *Schroeder*, *Mellon*, *Bleichroeder*, *Montefiori*, *Montagu*, *Rockefeller*, and *Harriman*, amongst others. Cfr. The Federal Reserve Bank, *Purposes & Functions*, Washington DC.

3 The sum of all international financial operations (exchange, stocks and shares, investment funds, etc) is of almost u\$s 2.000.000.000.000 daily (yes, *daily*). If this is projected annually, we find that the international financial system (i.e, the Virtual Economy) has a turnover of around u\$s 700.000.000.000.000 (seven hundred trillion Dollars), however, the aggregate sum of the GDP's of all countries in the world (i.e., the Real Economy) does not exceed u\$s 45.000.000.000.000, i.e., an amount fifteen times *smaller*. We can thus conclude that International Finance - the world of speculation, usury and fiat money - is fifteen times larger than the Real Economy of Labour and Production. If finance is to be considered as the "oil" which makes the Economic "engine" run, then we can see that that "engine" is overstuffed with a veritable oil glut which will grind it to a halt.

4 See "Clarín" newspaper, Buenos Aires, 15-Mar-05, article "Greenspan encendió una luz de alerta por el déficit de EE.UU".

5 Regarding the nature of Power, I would refer readers to my essay "El Poder: ¿de dónde viene?, ¿quién lo tiene?, ¿adónde va?" ("Power: where does it come from? Who has it? Whither is it going?" soon to be translated into English), available in www.eltraductorradial.com.ar

6 Before being named president of the Argentine Central Bank under the De la Rúa and Duhalde Administrations, **Mario Blejer** was for 18 years director of the Institute for Monetary Affairs at the IMF in Washington DC and today he is Director of the Bank of England in London. **Alfonso Prat-Gay**, president of the Central Bank during the last part of the Duhalde administration and first part of the Kirchner administration was a director at J P Morgan Investments, London and he was "recommended" to the Argentine government by the Bank of England based on Blejer's suggestion. **Hernán Martín Péres Redrado**, the present Central Bank president comes from the Fundación Capital, ideologically linked to the extreme liberal policies of former president Carlos Menem.

7 Member of the *Council on Foreign Relations* and the *Trilateral Commission*.

8 Secretary of State and member of the *Council on Foreign Relations*.

Note: This article was translated from the Spanish original.

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