

Economic Collapse: Will Cryptocurrency Save the Financial System?

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In the [second article](#) of my [three part series](#), I addressed how we got to the current state of this financial chaos. In this last article, I explain where we are heading and how cryptocurrency could be the last chance to create a sustainable economic system.

Where to go from here?

If trust and sustainability were the two conditions that allowed for the transition from physical gold to paper currency, it is from this basis that we must start to analyze where we are going and what effects the next economic crisis could have.

In 2008, confidence in central banks saved the global economy. But as Mario Draghi said, the bazooka of quantitative easing was fired and a second hit during a crisis would have proved ineffective. The reason is complex and must be clearly explained. Most people are paid in a currency deposited in the bank, because that is where one keeps one's currency, able to withdraw it at any time. But in the event of an economic crisis, priority is given to the banks, whatever remaining liquidity being for the customers. The reason why there was no bank run in 2008, which would have led to the collapse of the global banking system, lies in the trust that ordinary people continued to place in the financial system, courtesy of what the corporate-controlled media told them.

The problem concerns the next financial crisis and how the world population will react. The path already seems to be traced, especially in geopolitical terms. Countries like China and Russia have created their own alternative banking and financial system to escape dollar sanctions; but they have also begun to de-dollarize by accumulating gold and using different payment methods to the US currency. In the same way, the desire to escape from a centrally controlled financial system, and the attendant need to remain anonymous, has produced a technological evolution known as cryptocurrency, much as the need to quickly communicate and globally exchange data in real time produced the Internet. Both evolutions find common roots in the American security services. The Internet stems from a DARPA project, and blockchain was outlined in [NSA documents](#) back in 1996.

It is easy to imagine that governments and central banks have been caught flat footed by the birth of the cryptocurrencies, but it would be better not to underestimate nations that have been ruling the world for decades and have their finger on the pulse. Although Washington's aggressive foreign policy has accelerated de-dollarization, one must consider the reason why cryptocurrencies have not been declared illegal.

Let us go back for a moment to the devastating effects of the loss of the gold standard. Looking at a [chart](#), it is easy to see how the start of world debt coincided with the end of the

dollar being linked to gold. This has led to an increase in inflation, calmed only by false economic data and a powerful financial manipulation by central banks in collusion with each other. Purchasing power has plummeted and the average person has as a result become impoverished.

When the ordinary person is overwhelmed by debts and sees his purchasing power steadily declining over the years, while continuously being told by the media that the exact opposite is happening, dissatisfaction and frustration increases to a point of passing a tipping point. In the US in 2008, the burden of the bailout fell on the shoulders of ordinary citizens. Once bitten, twice shy. People are placing less and less trust in the media and the banks.

From Gold to Money to Crypto.

In this sense, we can perhaps understand why bitcoin and blockchain technology have been able to prosper in complete freedom. It is conceivable that the project reflects an evolving world in which paper money disappears in favor of the digital one. How this transition could take place, and why some nations devoted to de-dollarization will find themselves in a privileged position compared to economies entirely tied to the dollar is a matter open to debate. The possible economic-shift must be considered real and probable for the sustainability of many nations, accompanied by the inevitable technological change and the need to anchor the global economy back to real values. The natural passage is a return to physical gold or to virtual gold, precisely the block chain and the value we bring with it.

We should not underestimate the [power of central banks](#) and their plans to invent their own cryptocurrency as a mean to perpetuate their Ponzi scheme. What will make the main difference in the future is what backs up these virtual currencies. For example, Russia and China have accumulated many tons of gold and diversified their assets, dumping USD in exchange for tangible goods. A Crypto-Yuan or Ruble will eventually be valued more than an empty crypto-dollar without any counter-value. In a not to long distant future, Yuan and Ruble will be backed with gold or other financial assets like bitcoin while new virtual currencies will continue to perpetuate their empty value as with fiat currency. No surprise that with the next financial crisis, fiat money will pour into gold and crypto market looking for a safe haven from the devaluing dollar.

In the next couple of years we can expect central banks such as those of the US, Europe and Japan develop their own crypto-currency and start pushing conversion from fiat money into their crypto, advancing their project of keeping the system centralized. We should not exclude drastic measures, such as banning non-state-actor cryptos, from governments when central banks start realizing having lost their competitive edge on currency manipulation.

The last straw will be related to US military power trying to enforce the use of USD. In a scenario of steady economic and military decline of power, the US will find itself unable to force certain countries to use their currency, therefore losing its main weapon to create chaos in the world to advance its geopolitical goals. Without the dollar as the main world reserve currency, Washington will be forced to reconcile with the rest of the world, understanding that the unipolar moment is over and the neoliberal hegemonic planes to rule the world are forever gone.

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