

The Collapse of the Western Fiat Monetary System may have Begun. China, Russia and the Reemergence of Gold-Backed Currencies

By [Peter Koenig](#)

Theme: [Global Economy](#)

Global Research, April 21, 2016

On 19 April 2016, China was rolling out its new gold-backed yuan. Russia's ruble has been fully supported by gold for the last couple of years. Nobody in the western media talks about it. Why would they? - A western reader may start wondering why he is constantly stressed by a US dollar based fiat monetary systems that is manipulated at will by a small elite of financial oligarchs for their benefit and to the detriment of the common people.

In a recent Russia Insider article, Sergey Glaziev, one of Russia's top economists and advisor to President Putin said about Russia's currency, "The ruble is the most gold-backed currency in the world". He went on explaining that the amount of rubles circulating is covered by about twice the amount of gold in Russia's Treasury.



In addition to a financial alliance, Russia and China also have developed in the past couple of years their own money transfer system, the China International Payment System, or the CIPS network which replaces the western transfer system, SWIFT, for Russian-Chinese internal trading. SWIFT, stands for the Society for Worldwide Interbank Financial Telecommunication, a network operating in 215 countries and territories and used by over 10,000 financial institutions.

Up until recently almost every international monetary transaction had to use SWIFT, a private institution, based in Belgium. 'Private' like in the US Federal Reserve Bank (FED), Wall Street banks and the Bank for International Settlements (BIS); all are involved in international monetary transfers and heavily influenced by the Rothschild family. No wonder that the 'independent' SWIFT plays along with Washington's sanctions, for example, cutting off Iran from the international transfer system. Similarly, Washington used its arm-twisting with SWIFT to help Paul Singer's New York Vulture Fund to extort more than 4 billion dollars from Argentina, by withholding Argentina's regular debt payments as was agreed with 93% of all creditors. Eventually Argentina found other ways of making its payments, not to fall into disrepute and insolvency.

All of this changed for Argentina, when Mauricio Macri, the new neoliberal President put in place by Washington, appeared on the scene last December. He reopened the negotiations

and is ready to pay a sizable junk of this illegal debt, despite a UN decision that a country that reaches a settlement agreement with the majority of the creditors is not to be pressured by non-conforming creditors. In the case of Argentina, the vulture lord bought the country's default debt for a pittance and now that the nation's economy had recovered he wants to make a fortune on the back of the population. This is how our western fraudulent monetary system functions.

China's economy has surpassed that of the United States and this new eastern alliance is considered an existential threat to the fake western economy. CIPS, already used for trading and monetary exchange within China and Russia, is also applied by the remaining BRICS, Brazil, India and South Africa; and by the members of the Shanghai Cooperation Organization (SCO), plus India, Pakistan and Iran, as well as the Eurasian Economic Union (EEU - Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan). It is said that CIPS is ready to be launched worldwide as early as September 2016. It would be a formidable alternative to the western dollar based monetary Ponzi scheme.

The new eastern monetary sovereignty is one of the major reasons why Washington tries so hard to destroy the BRICS, mainly China and Russia - and lately with a special effort of false accusations also Brazil through a Latin America type Color Revolution.

In addition, the Yuan late last year was accepted by the IMF in its SDR basket as the fifth reserve currency, the other four being the US dollar, the British pound, the euro and the Japanese yen. The SDR, or Special Drawing Right, functions like a virtual currency. It is made up of the weighted average of the five currencies and can be lent to countries at their request, as a way of reducing exchange risks. Being part of the SDR, the yuan has become an official reserve currency. In fact, in Asia the yuan is already heavily used in many countries' treasuries, as an alternative to the ever more volatile US dollar.

It is no secret, the western dollar-led fiat monetary system is on its last leg - as eventually any Ponzi scheme will be. What does 'fiat' mean? It is money created out of thin air. It has no backing whatsoever; not gold, not even the economic output generated by the country or countries issuing the money, i.e. the United States of America and Europe. It is simply declared "legal tender" by Government decree.

No pyramid scheme is sustainable in the long run and eventually will collapse. It was invented and is used by a small invisible upper crest of elite making insane amounts of profit on the back of the 99% of us. Since these elitists are in control of the media with their lie propaganda, as well as the warmongering killing machine, US armed forces, NATO, combined with the international security and spy apparatus, CIA, MI6, Mossad, DGSE, the German Federal Intelligence Service (BND) and more, we are powerless - but powerless only as long as we ignore what's really going on behind the curtain.

Our western monetary system is based on debt has all the hallmarks of a failing global monster octopus. The US banking system was deregulated in the 1990's by President Clinton. The European vassals followed suit in the early 2000's. About 97% of all the money in circulation in the western world is 'made' by private banks by a mouse click in the form of 'loans' or debt. Every loan a private bank hands out is a liability on that bank's books; a liability that bears interest, the key generator of the banks' profits. Profit from thin air! No work, no production, no real added value to the economy.

If and when the banks within this web of debt begin recalling their outstanding liabilities,

they may set a non-stoppable avalanche in motion – leading to a chaotic end of the system. This end-run may have just begun. We have seen a gradual build-up since the end of WWII with the armament of the Cold War farce, and a high point with the manufactured sub-prime crisis of 2007 / 2008 / 2009, prompting an artificial and endless global economic crisis which may come crashing down in 2016 / 2017.

The damage may be humongous, leaving behind chaos, poverty, famine, misery – death. With the invisible ruling elite having cashed in, remaining on top and being liable to start again from scratch. – If we let them. It always boils down to the same: An uninformed people can be manipulated at will and is left in awe when hit by unexpected events, like acts of terror by bombs or banks.

Let us be crystal clear – we are all uninformed as long as we listen to and believe in the mainstream media – which are controlled by six Anglo-Zionist media giants, feeding the western public with 90% of the information, the so-called ‘news’ that we consume so eagerly every day; the barrage of lies that repeat themselves in every western country every hour on the hour – and, thus, become the truth. Period.

We must get out of our comfortable armchairs, listen to that innermost spark in the back of our minds, telling us against all avalanches of lies that there is something wrong, that we are being fed deception. We have to dig for the truth. And it is there – on internet, on alternative media, like Global Research, Information Clearing House, VNN, The Saker, NEO, Russia Today, Sputnik News, PressTV, TeleSUR – and many more credible sources of truth-seekers.

Back to the impending collapse. – The ground rules for our pyramid monetary scheme have been laid in 1913 by the creation of the FED. Again, the FED is an entirely private, Rothschild dominated banking institution that serves as the US Central Bank. It is the omnipotent dollar making machine. It was fraudulently and secretly conceived in 1910 on Jekyll Island, Georgia, and described by Jekyll Island history (<http://www.jekyllislandhistory.com/federalreserve.shtml>) as the “duck hunt” which

“included Senator Nelson Aldrich, his personal secretary Arthur Shelton, former Harvard University professor of economics Dr. A. Piatt Andrew, J.P. Morgan & Co. partner Henry P. Davison, National City Bank president Frank A. Vanderlip and Kuhn, Loeb, and Co. partner Paul M. Warburg. From the start the group proceeded covertly. They began by shunning the use of their last names and met quietly at Aldrich’s private railway car in New Jersey.”

The concoction of these secretive “duck hunters” became in 1913 the privately owned Rothschild dominated Federal Reserve System, the US central bank by deceit.

After signing the FED act into existence, President Woodrow Wilson declared,

“I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated Governments in the civilized world no longer a Government by free opinion, no longer a Government by conviction and the vote of the majority, but a Government by the opinion and duress of a

small group of dominant men.”

The Anglo-Saxon system had a central bank in England since way back in 1694. It was then already controlled by the Rothschilds, as was the entire banking system. Baron Nathan Mayer Rothschild once declared:

“I care not what puppet is placed upon the throne of England to rule the Empire on which the sun never sets. The man that controls Britain’s money supply controls the British Empire, and I control the British money supply.”



The Rothschild family’s fortune cannot be properly estimated, but it must be in the trillions. What Baron Nathan Mayer Rothschild may have said some 300 years ago, still holds true to this day.

No wonder, breaking loose of this sham monetary scheme is number one priority of most countries that treasure sovereignty, autonomy and freedom, though they do not dare say so openly, lest the empire lashes out at them punishing them with the very financial terror they want to escape from. And lashing out at the unaligned world the empire does, like a dying beast, attempting to pull with it much of the living world into its own shoveled grave.

Is it therefore coincidence or a rather a purposefully planned convergence of several events as a last ditch effort first to ravage then to salvage as much as possible before the collapse?

On 10 April, Zero Hedge reports *“Austria Just Announced A 54% Haircut of Senior Creditors in First “Bail In” Under New European Rules”*. The Austrian “bad bank”, the failed Hypo Alpe Adria, that became Heta Asset Resolution AG after the government’s nationalization, found a US\$ 8.5 billion hole in its balance sheet, enough to trigger the new European ‘bail-in’ rule. Is it coincidence that also in Austria a major bank failure triggered the Great Depression also on a 10th of April – in 1931? – This is a first in Europe. Be prepared for others to follow, as over-extension of European banks is estimated in excess of a trillion dollars.

On 15 April, the New York Times reported that – Five of Wall Street’s eight largest banks are in defiance of the US banking regulator. The FED and FDIC said that “JP Morgan, Chase, Bank of America, Wells Fargo, State Street and Bank of New York, all lacked ‘credible’ plans to enter bankruptcy in the event of a financial crisis.” These banks have until October 2016 to comply. Under the new rules a tax-payer bail-out would be unlikely. Hence ‘bail-ins’ could affect millions of depositors and shareholders, their funds being stolen in order to self-rescue the too-big-to-fail banks. After all, non-compliance with the regulator’s requests, or insolvency, can easily be manufactured as a legal base for stealing common people’s savings. No worries, the TBTF banks will not go away, but your savings may.

The CIA released Panama Papers (for who still doubts about the CIA involvement in the release of the Panama Papers,

read here <http://journal-neo.org/2016/04/09/the-panama-papers-the-people-deceived/>),

aimed in a most rudimentary way at defaming the 'usual suspects', Presidents Putin and Assad, as well as Iran, Venezuela, Brazil, of course – and others. Strangely no notable EU or US citizens or corporations were on the list. Would anybody seriously believe that Mr. Putin, a former KGB agent, would be so ignorant as to putting his fortune (even if he had any to hide) into Panama, the epitome of a US puppet state, where you can't flush a toilet without Washington knowing it?

Some token neocons appear in the published papers, like Argentina's new 'Washington appointed' President Mauricio Macri, who is running amok ruining his country. Within less than four months he has rolled Argentina's economy back by ten years, raising poverty from below 10% in November 2015 to 34% by the end March 2016. The Empire needs him to keep gradually turning Argentina into chaos, however not too quickly, lest he may be 'deposed' and replaced by a US adversary – that would not at all be appreciated in Washington. For the types of Macri that made it on the list, the Panama Papers are a warning signal to keep them in-check.



The publication of the Panama Papers may also be an incentive for US citizens and corporations to bring home trillions of undeclared dollar holdings stacked away in overseas tax havens into homeland financial shelters like those in Delaware, Wyoming, South Dakota and Nevada, thereby helping strengthen the gradually decaying dollar.

Simultaneously, some European countries and Japan introduced negative interest rates, so as to increase monetary liquidity, thereby hoping stimulating an ever stagnant economy. That's the pretext. In reality however, negative interests are but a precursor to a wholly bank controlled financial system. Normally 'bail-ins' and negative interest would cause a run on the banks. This has not happened yet.

In Switzerland, one of the first countries to introduce negative interests, the Swiss National Bank reported that the demand of the 1,000 franc notes – one of the world's highest value denominations (apparently to be maintained despite ECB Draghi's call for elimination of high denomination bank notes) – increased by 17% (by CHF 4.7 billion – US\$ 4.85 billion) in December 2014, the month following the introduction of negative interests. May it be an indication that the Swiss have quietly started hoarding big-denomination cash?

Future hoarding and runs on the banks will be countered by the introduction of a cashless society, i.e. all monetary transactions will gradually become electronic. The process has already begun. In Sweden and other parts of Europe, as well as Japan, cashless

supermarkets and department stores claim big success, especially with the young consumers, who happily play along paying electronic cashiers by swiping their cell phones in front of an electronic eye.

The Young and Innocent – if they only knew that the banking oligarchs want to control their money and enslave them with a ‘fun gadget’, they may decide to resist. But well know those who control the system that the young are the drivers of the future. We, the old resistance will eventually die out. Problem solved. – But we are not dead yet. *The Times are A-Changing...* (Bob Dylan, 1964).

The nefarious trio – ‘bail-ins’, negative interests, and a cash free society – will make living in the industrialized ‘first world’ a sheer nuisance, a stressful dance on toes, as the emperor’s proverbial Damocles Sword hangs intimidatingly above us.



Washington may have one last joker up its sleeve – reintroducing the ‘gold standard’, the very gold standard that Nixon abandoned in 1971. The US have also been accumulating huge amounts of gold over the past 25 years. A new US dollar gold standard would most likely be set at a ratio that would wipe out all US debt, including future ‘unmet obligations’ (GAO – General Accounting Office) of about US\$ 125 trillion. It would attempt to keep the western industrialized world in Washington’s orbit, but might lose most of the developing world owning natural resources coveted by the west. These countries oppressed and colonized for centuries are likely to gravitate to the new China-Russia alliance – leaving the outsourced and outwitted west alone without workforce – and with a massive but outdated military power.

To counter the build-up of this criminal last ditch sham by the western Zionist banking czars, China and Russia have been preparing over the last few years an independent financial system, delinked from the US dollar and which now incorporates the BRICS, the SCO nations, as well as the Eurasian Economic Union. This association of countries and economies account for about half the world’s population and at least one third of the globe’s economic output; a fact totally ignored by the mainstream media, for obvious reasons. The Machiavellian sinking ship does not want its passengers to jump to safety.

The 19 April 2016, announcement by China of its gold-backed yuan, no longer convertible into dollars, may just trigger an economic shift into the ‘eastern camp’. Many countries are wary and tired of western exploitation, enslavement, threats of sanctions, oppression and an ever present danger of invasion by the killing machine. The decoupling of the dollar by a third of the world economy may indeed open new horizons, creating new alliances, new hope for a more equal and just world.

Peter Koenig is an economist and geopolitical analyst. He is also a former World Bank staff and worked extensively around the world in the fields of environment and water resources.

He writes regularly for *Global Research*, *ICH*, *RT*, *Sputnik*, *PressTV*, *CounterPunch*, *TeleSur*, *The Vineyard of The Saker Blog*, and other internet sites. He is the author of [Implosion – An Economic Thriller about War, Environmental Destruction and Corporate Greed](#) – fiction based on facts and on 30 years of World Bank experience around the globe. He is also a co-author of [The World Order and Revolution! – Essays from the Resistance](#).

The original source of this article is Global Research
Copyright © [Peter Koenig](#), Global Research, 2016

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Peter Koenig](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca