

# The US King Dollar Has No Clothes. America's "Toilet Paper Money"

By [Matthias Chang](#)

Global Research, August 12, 2015

[Future Fast Forward](#)

Region: [USA](#)

Theme: [Global Economy](#)

*The conventional wisdom is that no other currency in the world can support the global bond market save the US\$ Toilet Paper Money. Therefore, we cannot do without the US\$ toilet paper money!*

The so-called experts in economics, including the Nobel Laureates are always reciting the mantra of the global central banks led by the FED and the Bank of England (BOE) that the US\$ Toilet Paper Money is indispensable to global monetary liquidity because it is *the anchor* of the global bond market, specially the US Treasury bonds.



Such is the accepted wisdom of the so-called wise men and women of global finance.

If truth be told, this "accepted financial wisdom" is a big lie!

In fact, the purported strength of the US\$ is actually its weakest link, the Achilles Heel of the entire global financial system!

Why?

A bond is an acknowledgement of a debt. It is the glorified name of an "I.O.U."

The present financial system is grounded on Debt.

*The ridiculous situation is that, bond markets can only grow if there are more debts.*

How can it be a good thing if there are more debts, debts which cannot be paid to sustain a bond market? But, the global big banks and central banks want more debts, because this is how banks make money. They earned interests on the debts they create. There are so much debt that countries are literally drowning in debt and the leading debtor is the US. Therefore, it follows that the US bond market is the world's largest bond market!

*Yet, you are brainwashed to accept that the US I.O.U.s (bonds) are the “best security” and you should hold on to the US\$ toilet paper money for dear life!*

Another mantra is Debt=Money (counterfeit money) or in the words of the bankers, Credit=Money (counterfeit money). Why are such monies “counterfeit”? US\$ toilet paper money as well as all fiat money are strictly counterfeit monies as it has no intrinsic value save the value (the number) stated on the piece of paper i.e. US\$100, €100, £100, ¥100 etc. and must be accepted by the force of law (i.e. Legal Tender Laws), without which it would be treated as useless paper.

In this mad, mad world of toilet paper money, these counterfeit monies are created *out of thin air, digitally by the click of the computer mouse of a bank’s computer. A small amount of the global paper money is printed by the central banks. The coins in your pocket are minted.* They are to facilitate cash transactions. But, the bulk of the counterfeit monies sloshing around the world through the global payment system are all digital monies, mere numbers in the computer screens.

What is the Big Con that fooled the entire world when the US became the undisputed Superpower after the Second World War?

*It is the stupid mantra that the US Treasury Bond (debt) is the “best security” and the “ultimate monetary safe haven” in the world!*

Pause and think critically. Have you ever paused and thought long and hard on the above financial mantra?



You couldn't have been thinking straight all these years. Your mind and your thinking skills were locked in LIMBO, suspended from reality so that global banks can keep you in perpetual debt slavery. For if you had exercise your brain and using only common sense, you would have rejected the mantra and realised that the entire global financial system is a global PONZI scheme!

*How can a debt/bond (specifically US debts/bond) be ever considered as the “Best Security”?*

A owes B US\$100,000.00, the debt repayable in a year's time. But, B is in need of cash and wants to borrow US\$100,000 from you. He has no security other than the “I.O.U. Note” from A (i.e. the bond). Would you lend US\$100,000 to B secured by a mere promise by A that he will repay B the US\$100,000 in a year's time in the event that B fails to pay the debt he owes you?

Obviously, if A is a multi-millionaire and is not known for defaulting on his debts, you may well consider accepting A's I.O.U. as a security for the loan you are considering giving to B. Even then, it is a BIG “If”!

The issue hinges on “Credibility” and “Confidence”.

The US is the biggest debtor in the entire world. It has been acknowledged by one and all that it is a physical impossibility for the US to repay all its debts, domestic and foreign. It has also defaulted many times, the most serious was in 1971, when the US under President Nixon reneged on the promise that the US\$ is redeemable in Gold at the agreed rate of US\$35 per oz. of gold. The US printed so much money that it did not have enough gold to support the exchange rate of US\$35 per oz. of gold.

The US has not been able to repay any of its debts and the interests that have accrued on the debts since that awful day. All the US has been doing is to “print” digitally computer monies to make payments. Alternatively, the US issues “I.O.U.s” (i.e. bonds) to creditors such as China, Japan etc. and the proceeds would be applied to pay off the old debts when they become due. Old debts are replaced by new debts! Whenever there is a shortfall in the purchase of US bonds, the US would negotiate with creditors to “Roll-Over” the overdue debt and be granted an extension of time to repay the existing debt and accrued interests.

*Given the above, how can any sane, reasonable and right thinking person classify such debts/bonds as described above as “the best security” for the creation of more debts?*

In the technical jargon of the Bank of International Settlements (BIS) these toilet papers (i.e. worthless I.O.U.s) are considered “Tier 1 Capital” (i.e. the best) in determining a bank’s capital ratio and therefore the bank’s credit worthiness. The more Tier 1 Capital, the more credit-worthy is the bank!

We can conclude that by the simple labelling of the US Treasury bond as the “best security”, “the most liquid asset” and *the* “monetary safe-haven” the global financial elites were able to instil *confidence* in US toilet paper money. Through this propaganda, the FED and its global financial allies were able to create a “demand for the dollar”. When this artificial confidence is coupled with the imposition that trade, especially trade in crude, must be denominated in US\$, all of us, nations and people were made captives of the US\$ Serfdom!

If the US bonds were so sacrosanct, how can the global financial harlots explain the *total collapse of all the Global Too Big To Fail Banks* during the 2008 Global Financial Tsunami and US\$ trillions have to be “printed” digitally by the FED to bail out these banks?

*Likewise, given the above, how can any sane, reasonable and right thinking person consider US I.O.U.s “Safe Havens” during times of financial crisis?*

When an individual is unable to repay his/her debts, he/she is deemed a bankrupt and would be declared as such by the Court on an application by the creditor. Likewise, when a company is unable to pay its debts, it is deemed insolvent (a corporate term for bankruptcy) and a creditor can apply to the court to have the company wound up i.e. liquidated (sent to the corporate grave in Layman’s language).

The US is a bankrupt State and would be considered a “Banana Republic” and treated as “Pariah State” if it has no nuclear weapons to blackmail countries to continue to support its broken system. It is a failed state!

Presently, we are witnessing a new phenomenon – “Sovereign Debt Default”. Most developed countries are in this state of financial mess. Greece is a typical example, but the others are barely above the waterline and when these countries get tired from having to bob

up and down to gasp a mere mouthful of “financial air”, they would drown very quickly.

*Make no mistake. This is the present scenario and there is nothing anyone can do about it. The central banks' tool kit is empty of financial tools - Quantitative Easing (QEs) and Zero Interest Rate Policy (ZIRP) were the last tools and they were blunt instruments!*

The Global Reserve Currency (US\$) was nothing more than a *financial propaganda tool* to blackmail countries not aligned to the “Soviet Camp” during the Cold War to accept and submit to US hegemony. Even the Soviet Union had to use the US\$ when trading outside the Warsaw Pact nations. Such was the stranglehold of the US\$ in world trade, but it was based on “pure propaganda” and it did work for a while because nations and people were blinded by so much fear during the era of the Cold War that they were not thinking rationally.

This is not the case today.

There is no longer the need for a single global reserve currency.

However, the demise of the US\$ would not be immediate as the financial elites would fight to the bitter end to ensure the US\$ financial hegemony. Markets would be manipulated to create financial and or currency turmoils thereby provoking fear and a “flight to safety” to the US\$ and US\$ assets on the basis of the propaganda lie that the US\$ / US\$ assets are the best “monetary safe-havens”.

In fact, there is no need for a single global reserve currency. Countries ought to trade in their respective currencies, *free from the artificial shackles imposed by the single global reserve currency*. The demise of the single global reserve currency would do away with the volatility and the exorbitant privilege given to the US arising from the manipulation of the currency and interest rates markets by the FED and its financial allies.

The US\$800 Trillion derivative casino would collapse and of course all the Global Too Big To Fail Banks would be bankrupted and the global financial system shaken to its very core. *But, the period of severe pain and adjustment would be short. When every nation realise that there is no need for a single global reserve currency, confidence would return with a vengeance and global trade would flourish as the cost of doing global business would be reduced drastically. Just do the maths!*

If there is a role for the IMF's Special Drawing Rights (SDRs) it would be of limited use, confined to specific short-term circumstances where one or two nations suffer temporary liquidity problems. Even if such an event would occur, it is envisaged that Regional Banks set up for such purposes by member countries of a region would step in even before the need for IMF to intervene.

Future crisis, if any would be regional and not global as Regional Banking mechanisms would provide the firewall that would prevent any contagion beyond its borders. This is already taking place with the establishment of the BRICS Development Bank and the Asia Infrastructure Investment Bank (AIIB) by China and supported by over 30 countries as founding members.

Welcome to the Brave New World - a world free from the shackles of a Single Global Reserve Currency!

A world free from US financial hegemony!

The original source of this article is [Future Fast Forward](#)  
Copyright © [Matthias Chang](#), [Future Fast Forward](#), 2015

---

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

[Become a Member of Global Research](#)

Articles by: [Matthias Chang](#)

**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](mailto:publications@globalresearch.ca)

[www.globalresearch.ca](http://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](mailto:publications@globalresearch.ca)