

US Dollar Collapse and Japan's Sham Currency War: The Hidden Agenda Behind Japan's Kamikaze Quantitative Easing

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[Future Fast Forward](#)

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US\$ dollars have been flooding the financial markets ever since Bernanke launched quantitative easing allegedly to turnaround the US economy. These huge amounts of US\$ toilet paper are mainly in financial markets (and in central banks) outside of the United States. A huge chunk is represented as reserves in central banks led by China and Japan.

If truth be told, the real value of the US\$ would not be more than a dime and I am being really generous here, as even toilet paper has a value.

That the US dollar is still accepted in the financial markets (specifically by central banks) has nothing to do with it being a reserve currency, but rather that the US\$ is backed/supported by the armed might and nuclear blackmail of the US Military-Industrial Complex. The nuclear blackmail of Iran is the best example following Iran's decision to trade her crude in other currencies and gold instead of the US\$ toilet paper.

If the United States were not a military threat and a global bully that can blackmail with impunity the oil exporting countries in the Middle East, the global financial system which hinges on the US\$ toilet paper would have collapsed a long time ago.

The issue is why has the US\$ not collapsed as it should have by now?

When we apply common sense and logic to the state of affairs, the answer is so simple and it is staring at you.

But, you have not been able to see the obvious because the global mass media, specifically the global financial mass media controlled mainly from London and New York, has created a smokescreen to hide the truth from you.

Let's analyse the situation in a step by step manner, and apply common sense.

1. The US is the world's biggest debtor. The biggest creditors are China and Japan, followed by the oil exporting countries in the Middle East. With each passing day, the value of the US\$ toilet paper is worth less and less. Like I said earlier, even toilet paper has some intrinsic value. It reaches zero value when everyone has to carry a wheelbarrow of US\$ to purchase anything.

2. For the US\$ toilet paper creditors, they cannot admit the fact that they have been conned by the global Too Big To Fail Banks (TBTFs) acting in concert with the FED and the Bank of

England to accept US\$ toilet papers. The central bankers of these countries have a reputation to preserve (not that there is in fact any reputation, for their so-called financial credibility is also part of the scam) and the political leaders that relied on them is in a bigger bind. How can the political leaders be so very stupid to trust these central bankers (who have stashed away in foreign tax havens huge US\$ toilet papers as a reward for their complicity). This is the current state of affairs in plain English. They are having sleepless nights worrying if and when the citizens would wise up to this biggest con in history i.e. the promotion and acceptance of fiat currencies, the US\$ being the ultimate fiat currency.

3. The global financial elites led by the FED know that this state of affairs is to their advantage and they are exploiting it to the hilt! They also know that no country or organisation has the military resources to threaten the US to stop this global ponzi scheme which has been going on since 1945 and intensified since 1971 when President Nixon decoupled the US\$ from gold. The pound sterling is another story but, it is not relevant for the purposes of this analysis.

4. Additionally, and as a result of the above-stated scam, countries were led to believe and to accept the false economic theory that export generated growth (GDP) should be the foundation of economic development, as the United States having limitless US\$ toilet paper has the ability and the means to purchase the global exports, it being the largest consumer market in the world. In the result, the world's factories and their workers, including those in the developed world such as France and Germany worked their butts off to be rewarded with US\$ toilet paper whose value is less than the paper and ink that produce it! The financial frolic went on for more than forty years and came to an abrupt and foreseeable end in the 2008 global financial tsunami.

5. When the party ended, the United States was up to her eyeballs in debts as a result of reckless financial speculation in the global derivatives casino and the consumption binge financed by housing mortgages. Debts must be repaid. But, the US has no means to do so. They cannot produce enough goods to earn the revenue to pay the debts because US manufacturing has been outsourced to the developing world - China became the world's number 1 factory. So, the financial elite appointed helicopter Bernanke to lead the charge for the US and the UK to use the printing press (digital or otherwise) to print more US\$ toilet papers to pay off the debt. In economic jargon, this is "monetising the debt". It is outright fraud, but no one (i.e. central bankers) in his right mind would admit to this fraud as they would be hung from the lamp-posts if the truth is discovered as was the case when the Italian fascist leader Mussolini was hung by the Italian partisans.

6. Initially, central bankers confronted with this situation and having to face a restless populace embarked on a regime of competitive easing/ devaluation of their currencies. But, the price was horrendous. Inflation spiked in all these countries. But, this scheme of things did not work out as planned for the simple reason, the US\$ toilet paper continued to be lower as a result of more QE by Bernanke. China realised the danger and adopted other means to overcome this situation, one of which was to enter into bilateral arrangements with her trading partners to finance trade in their respective currencies. Such agreements were entered between China and Japan, members of BRIC, Malaysia etc. This counter-measure was perceived as a threat to the continued dominance of the US\$ toilet paper regime. In the result, Obama declared at the urging of the financial elites (he does not have the grey cells to think) a foreign policy shift - the Asia Pivot to prevent a further deterioration of US\$ dominance.

7. When Japan entered the agreement with China, her behaviour was deemed unacceptable since Japan was under the nuclear protection of the US. Japan was caught between a rock and a hard place. It was expected that sooner or later the US would apply the squeeze on Japan to behave in a proper manner. Applying geopolitical strategies, the US towing South Korea along provoked North Korea by launching a military exercise which included flying B-2 bombers which are capable of carrying nuclear weapons. North Korea responded in the manner that was expected. Japan was exposed and in like manner reacted by seeking US protection. To muddy the waters and complicate the situation, the US engineered a dispute between China and Japan over the sovereignty of the Diaoyu Islands. This was followed by the installation of a new regime in Japan by the election of the Prime Minister Shinzo Abe and the appointment of Haruhiko Kuroda as the Governor of the Bank of Japan (BOJ).

8. Now comes the mechanics of US counter-measures in shoring up the artificial dominance/value of the US\$ toilet paper. Japan was ordered to do its part as a quid pro quo for being protected by the US's nuclear umbrella. A new version of the Plaza Accord must be put in place – a “reverse Plaza Accord”.

9. Let me explain. In the 1985 Plaza Accord, the dollar was devalued to reduce the current account deficit and to help the US recover from the recession of the early 1980s. It was a managed devaluation and the exchange value of the Dollar versus the Yen declined by 51 per cent from 1985 to 1987 – reaching ¥151 per US\$1 in March 1987. The dollar continued to slide till 1988. The effect of the strengthened Yen depressed Japan's exports and brought about the expansionary monetary policies that resulted in the infamous asset bubbles of the late 1980s. The G-6 countries then gathered in 1987 in Paris to arrest the slide of the dollar and to manage and stabilise the international currency markets. The end result was the Louvre Accord. In the next 18 months the dollar strengthened to ¥160 per US\$1.

10. However, in the current situation, the devaluation of the US\$ toilet paper was the result of massive QEs so as to enable US to monetise her debts. However, for US to continue to monetise her debts and have the world's central banks agreement to continue to hold dollar reserves, the value of the dollar must appreciate, failing which the dollar would collapse, the US defaulting on her debts, as creditors would no longer accept US\$ as payment. The trick was to artificially inflate the value of the dollar without arousing any suspicions.

11. In the 1970s, following the de-coupling of the dollar from gold by President Nixon, the dollar would have collapsed in like manner as it was not backed by gold. It became pure fiat money! The trick then was to create an artificial demand for dollar which would in turn raise the value of the currency. This was effected by the proposal of Kissinger to the Arabs that if they would dollarize their oil exports, the US would guarantee their safety and survival even from the threats of Israel. When the Arabs agreed to this arrangement, every country in the world had to buy oil in US\$. Countries have to exchange their currencies into US\$ to buy oil. This demand for US\$ strengthened the currency and prolonged the US fiat money monopoly.

12. However, this option is no longer available presently as oil is now being sold in other currencies besides the US\$. The petro-dollar is no longer in dominance. In any event, the continued use of petro-dollars would spike the oil price and this would be inflationary and detrimental to the US economy as well as the world's economy in the present economic climate – i.e. deep recession. Another means must be used.

13. This is the reason for the sudden “shock and awe” monetary policy of the new Japanese

regime of Shinzo Abe and Haruhiko Kuroda. My detractors will accuse me of indulging in conspiracy theories. But, the facts speak for themselves. I had said earlier, that the G-7 countries have collectively attempted to devalue their currencies but, it did not stem the slide of the US\$ because Bernanke was increasing the intensity of QE since 2008. And the EU was not willing and or able to adopt a suicide policy of massive QE as Germany was well aware of such a risk having suffered the negative effects of hyperinflation. China would not kow-tow to the US and in fact together with fellow members of BRIC was adopting counter-measures to confront Bernanke's QE financial weapon. That left only one country who can be compelled to do the US bidding, to commit Hara-kiri to save and or prolong the US\$ toilet paper regime - Japan!

14. And so, Japan launched its sudden massive QE and the desired effect is that now the US\$ toilet paper has artificially appreciated in value vis-a-vis the Yen and less so with other currencies. This cannot be disputed by my detractors because:

On May 11, the financial elites of G-7 countries explicitly agreed with this kamikaze policy of Japan.

Koichi Hamada has also declared earlier that the target for this policy is to allow the dollar to rise to ¥110 per US\$1 and this rise would be managed in a staggered fashion in small increments (step by step approach) thereby controlling the rate of inflation in Japan which would not be allowed to exceed the agreed target rate.

It is suggested that Japan can do this because it can utilise its huge dollar reserves of US\$1.2 Trillion to manage the devaluation! According to Alan Ruskin, the global head of Group of 10 foreign-exchange strategy in New York at Deutsche Bank ASG, he said "I think we are opening up the door to look at 105 in the next few months and 110 by the end of the year ..." and this surely must be interpreted to mean that Koichi Hamada's strategy is definitely in play.

In conclusion, it is my view that such "managed artificial appreciation" of the US\$ toilet paper while effective in the short run would fail in the long run because the fundamental issues of the US economy have not been addressed and resolved. Only real economic growth can reverse the dollar's demise.

Seriously, would Bernanke stop further QE when the yen exchange rate reaches ¥110 by the year end? Has not Bernanke declared that QE would continue till 2015? And since Japan has drawn the Red Line at ¥110, can Japan risk further damage to its economy and continue to back-stop US beyond ¥110?

The US\$ quadrillion derivative casino is the millstone around the US and the global economy, and as long as this is not resolved, the crisis would only get worse. Like water, after sufficient heat, the boiling point would be reached.

While I cannot forecast the precise date of the implosion, I am of the view that the end is near, sparked by a black swan event and then snowballed to its final devastation.

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