

The Entire Fiat Money System is Bankrupt: Demise of the Global US Fiat Dollar Reserve Currency

By [Matthias Chang](#)

Global Research, November 01, 2013

[Future Fast Forward](#)

Region: [USA](#)

Theme: [Global Economy](#)

Major issues or trends do not change on a daily or even monthly basis. A trend may take a few years to run its course and unless there is a major factor that may affect the trend, there is hardly any need to comment any further on the trend or outcomes.

The events unraveling post Bernanke's decision not to taper QE is most significant because it confirms our analysis that the banking crisis has not been resolved in any significant way after five years of money printing and massive asset inflation. The fiat money system has but one outcome – total collapse. It will also mean the demise of the global US dollar reserve currency.

There are no solutions at hand.

Bernanke is totally discredited and his continued tenure as Chair of the FED would only accelerate the realisation that the FED and all central banks have failed. Hence, the need to change the “leadership” at the FED, but the same policies would be followed with some cosmetic changes to hoodwink the ignorant masses. It is analogous to the transition from the second Bush presidency to that of Obama and all the theatrics of “change” propaganda. In fact, Obama is Bush 2 on steroids! Yellen will be Bernanke on steroids. Why are we so certain of this outcome at Future Fast-Forward?

Our reasons are as follows:

Prior to the Global Financial Tsunami of 2008, I had written several articles exposing the global Too Big To Fail (TBTF) banks as financial rapists and predators and they would cause untold havoc to the financial system.

Post the crisis, I had also warned that these global TBTF banks are all insolvent and the toxic assets on their balance sheets would exceed US\$20 trillion at the minimum. The entire fiat money system is bankrupt. Printing toilet paper money by the trillions does not make the system solvent. It is a clear admission that the system is totally broken.

The banking Humpty-Dumpty has fallen from the wall and shattered into a thousand pieces! The confirmation for this is the fact that all central banks led by the FED have only one aim – to create massive asset inflation. How can a stock market of a bankrupt nation be at an all-time high?

The FED and central banks the world over are not interested in resolving the unemployment problem because record unemployment would not collapse the fiat money system. It may trigger massive social unrest but that can be put down by a militarised police force,

supported by a battle-hardened military as is happening in the US.

In the circumstances, we need to ask the US\$ Trillion question – Why are all the central banks focusing on asset inflation via creation of money out of thin air?

The answer: THE FIAT MONEY SYSTEM IS THE ECONOMY, STUPID!

It used to be that the Petro-dollar was the linchpin of the global economy. However, when the derivatives market took off and became a US\$800 Trillion global casino, the US\$ toilet paper became the currency in global financial trading and speculation.

All the TBTF banks were leveraged to their eyeballs and the collaterals were hypothecated and re-hypothecated so many times over, it became an inverted pyramid joke.

The collaterals were bundled up into CDOs etc. rated AAA by corrupt rating agencies and traded. We need not repeat this old story. The point we are making here is that not only are the collaterals junks but they are supporting a mountain of debts in the trillions. Therefore, when collaterals are impaired the TBTF banks are in a hole from which they cannot get out. The FED and other central banks have no choice but to bail out the TBTF banks if a systemic failure is to be avoided. If all the junk collaterals were to be off-loaded at once in the full glare of public scrutiny, there would be a run on all the banks. So, what was required was a stealth rescue effort. The TBTF banks were allowed to unload the junk collaterals bit by bit by the various schemes of the FED culminating in the US\$85 billion a month purchases of treasury bonds and mortgages by the FED.

Additionally, newly “minted” collaterals were used to replace the junks so as to clean up the balance sheets of the TBTF banks. I have stated earlier that the minimum amount of toxic assets needed to be mopped up is US\$20 trillion. After five years, the FED has just scratched the surface. It is debatable how many US\$ Trillions the FED has actually pumped into the system directly and indirectly. How much and how long more can the FED continue to pump US\$ toilet paper into the system without creating a massive loss of confidence in the dollar? When the balance sheet of the FED reaches US\$7 Trillion or maybe US\$10 Trillion? It is anybody's guess.

For sure, there will be a point when another US\$100 Billion is created on top of the stash of US\$ toilet papers which will tip the scale and collapse the entire system. It is a catch-22 for the FED. If it stops creating fiat money out of thin air, the fiat money system would collapse immediately. If it continues with more money creation, it merely postpones the inevitable and more devastating end-game. This is the price we all have to pay for allowing the fiat money system to hold sway for so long.

The world was conned into accepting the biggest Ponzi scheme in the history of banking and finance – the US\$ Global Reserve Currency Ponzi Scheme.

This scheme was created on a sand castle of debt, specifically US Treasury Bonds. The world does not need a Global Reserve Currency. Global trade can be conducted in any currency in accordance to the needs and resources of a country.

Why should there be a special privilege given to only one country to have its currency as the sole reserve currency for purposes of trade? It makes no sense as it is the result of US imperialist policies under the pretext of the Cold War. The con was based on the

propaganda that the US\$ should be the preferred currency and the US Treasury Bond is the "safest asset" to have in the event of an outbreak of war between the Western Imperialist camp and the Soviet bloc. We were told this arrangement was necessary if we are to enjoy the protection of the mighty US superpower!

Yet, when the Soviet bloc collapsed no one questioned the need to perpetuate the system.

Another spin was propagated. The US was the linchpin in the new era of globalisation as the US market was the biggest consumer / export market. Everyone was caught in this web of deceit. The US market was a market built on a mountain of debt. Adding insult to injury, the US consumers paid for the goods produced by millions breaking their backs with US\$ toilet paper money!

Some so-called currency experts have asserted that no other currency can replace the US\$ toilet paper as the global reserve currency because no other country has a bond market like the US bond market, dominated by the US treasury bonds. What an idiotic statement!

If a country is not in debt, there is no need for any bonds to be issued. A bond is an I.O.U. A bond is a mere paper pledge to repay a debt.

And anyone who says and continues to perpetuate the myth that a US debt is a better debt and is more secure is ignorant and misinformed!

Why would anyone want to work and produce goods which are sold and paid in US\$ toilet paper and then use the surplus US\$ toilet paper to lend to the US government who repays the debt by merely printing more US\$ toilet paper?

So, do you still think the world needs a US\$ toilet paper money as a reserve currency?

The original source of this article is [Future Fast Forward](#)
Copyright © [Matthias Chang](#), [Future Fast Forward](#), 2013

[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
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

