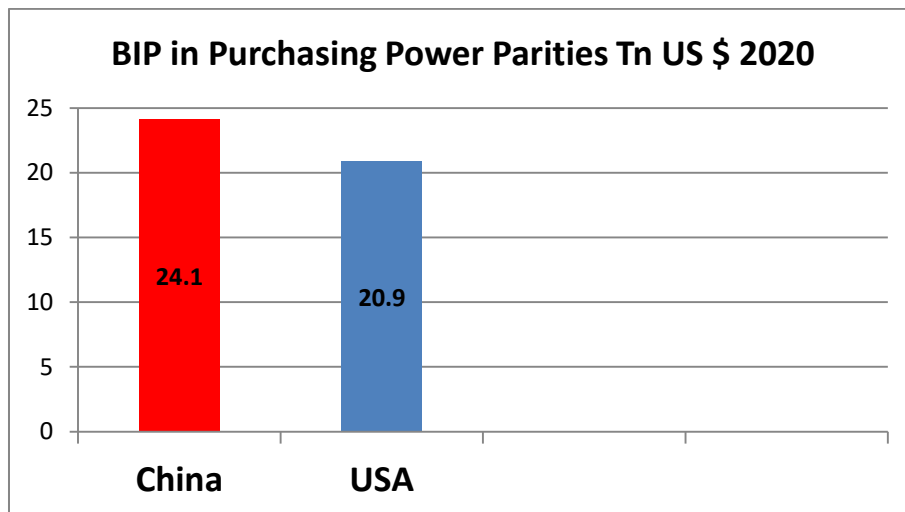


# The Collapse of the US Empire and the \$

In WWII the USA out produced the European continent under German rule and Asia under Japanese rule together. It was recognized since as the number one of the world. After the collapse of the Soviet Union it was for a long period the undisputed number one. The USA has the highest GDP in the world, the most expensive and feared military. **The US \$ rules the world.**

Having a closer look on it **the USA is already surpassed by China** in terms of primary energy consumption by nearly 50% and GDP on a purchasing power parity base and car sales. The industry production did erode since the 1970ies. Industrial clusters and technical skills faded away. Manufacturing plants are very often satellites of Asian or European companies.



There are some structural challenges for the US economy and society.

- There is a very expensive judicial system that destroyed a lot of producing companies, is a permanent business risk and sucks a lot of talents.
- There is an education system with some elite universities but that does not provide appropriate skills for the mass of people as the German or Asian systems do. It generates very few engineers but plenty of social, judicial, business degrees. It burdens an awful debt on the shoulders of young people, 1.7tn\$ in total. The apprenticeship program set up by Trump was already rescinded by Biden (a).
- There is a very expensive health system (*double the cost as in Europe but similar median income*) that is a barrier for any functioning health care system.
- The saving quote of US households is one of the lowest in the world. The US society is based very much on foreign debt. As a consequence the foreign trade balance is negative since decades.
- The national budget deficit rose to 3.3tn\$/yr. 2019 only slightly lower than the tax revenues of 3.4tn\$. Debt piled up to 28tn\$ end of 2020.

The USA of the last decades with its ideology of liberty, democracy, capitalistic approach, its dominant WASP population and leadership, is gone. The elections of 2020 seemed to be not an election among others but a turning point of history. The widespread censorship and suppression of conservative positions, the declination of a public investigation of the election

– a bit obscure – seemed to have pushed conservative positions in the corner. Due to the poor appearance and performance of the Biden administration and hard fighting by the conservatives the conservatives recover faster than expected.

The Biden administration politics and ideology causing an extreme national deficit spending, The green ideology might destroy one of the remaining major pillars of US economy and wealth the energy sector which is blessed by plenty of coal, gas and nearly sufficient oil for the nation by environmental- and the dogma of „climate change“ driven regulation. Such a move can as well drive basic chemistry and some of the energy intensive industries out of the country.

The US\$ is not only the currency of the USA but the whole world. Properties in Brazil are evaluated in US\$. Machine exports from Taiwan are calculated in \$. 60% of the global trade is carried out in US\$, 2% in CNY(3). There are more than 100 m US\$ accounts outside the USA. Currency reserves of most countries of the world are hold in US\$. That means the deficit spending of the US government and the printing of money by the FED is actually not burdened on the 330 m US citizens only but on a large part of the world including China.

**It is more a question of when this system will collapse than if.** It could happen suddenly similar to the collapse of the gold standard 1971 or a long creeping development.

Similar to the British situation after ww2 when the new (left) labour government started large social programs while the nation had a high war debt plenty of international accounts were converted in US\$. It seems likely that the US\$ will lose its role in world wide trade and financing sooner or later. As a consequence of the shift from GBP to US\$ Great Britain suffered decades from inflation and wealth loss. The global presence shrank to some remainders. The British naval fleet was reduced to European size. The average incomes were reduced to that of Italy. Great Britain was restructured after 35 years of decline in the 1980ies by a conservative government. The British Empire and the dominance of the GBP is now a chapter of history books.

**For China the dependency on the US\$, the financing of the US deficit, the US controlled SWIFT (*international transfers*) is a big thorn in the flesh.** Chinese Newspapers showed a cartoon with a person with US hat on printing \$ from toilet paper. A digital CNY might become the game changer. Payments and transfers, international transfers can be made by smartphone and an app avoiding banks, SWIFT, credit cards and other institutions dominated by the USA. For the Chinese government it is a big opportunity to challenge the US\$. With government support the trade to Russia, African countries can become a first target for the Chinese digital CNY. The digital CNY might be promoted as primary currency to pay orders from Wish, Alibaba and other Chinese online vendors. Perhaps it will not need 35 years until the US\$ will loosen its dominance to the CNY.

From a logical point of view it would make sense for the USA to launch a digital \$ and promote it as well. But due to the left political regime with uniform media reporting it might need some time until the challenge is realized (*the death of a colored criminal by a police officer is more in the focus than such decisive development*).and the USA will act appropriate on this vital threat. But anyway I hope the USA will make its comeback as soon as possible.

- a) The Industry-Recognized Apprenticeship Program, or IRAP, was rescinded by Biden earlier this month by Executive Order (1).

(1) [https://www.dailywire.com/news/biden-rescinds-trumps-apprenticeship-program-by-executive-order?itm\\_source=parsely-api%3Futm\\_content%3Dnews&utm\\_campaign=daily\\_shapiro&utm\\_medium=email&\\_hsmi=11](https://www.dailywire.com/news/biden-rescinds-trumps-apprenticeship-program-by-executive-order?itm_source=parsely-api%3Futm_content%3Dnews&utm_campaign=daily_shapiro&utm_medium=email&_hsmi=11)

- [3007037&\\_hsenc=p2ANqtz-9bbAXi65cAjzh -DMxKWrlRupAEq-Wkrh9RD-u6ifjZopacVuYLStv160JniVC8unxuYd1qZrD2gzPjiRwjWu\\_gLoJ0Q&utm\\_source=housefile](https://seekingalpha.com/article/4418567-bitcoin-china-launched-digital-yuan-and-will-change-everything?mail_subject=must-read-spac-master-class-how-to-take-advantage-of-the-spac-boom&utm_campaign=nl-must-read&utm_content=link-3&utm_medium=email&utm_source=seeking_alpha)
- (2) [https://seekingalpha.com/article/4418567-bitcoin-china-launched-digital-yuan-and-will-change-everything?mail\\_subject=must-read-spac-master-class-how-to-take-advantage-of-the-spac-boom&utm\\_campaign=nl-must-read&utm\\_content=link-3&utm\\_medium=email&utm\\_source=seeking\\_alpha](https://seekingalpha.com/article/4418567-bitcoin-china-launched-digital-yuan-and-will-change-everything?mail_subject=must-read-spac-master-class-how-to-take-advantage-of-the-spac-boom&utm_campaign=nl-must-read&utm_content=link-3&utm_medium=email&utm_source=seeking_alpha)
- (3) [https://www.handelszeitung.ch/geld/zweite-leitwahrung-ray-dalio-sieht-die-zeit-des-chinesischen-yuan-kommen?utm\\_source=Handelszeitung+Newsletter&utm\\_campaign=425435fb48-LUNCH\\_TOPICS\\_2021\\_06\\_02&utm\\_medium=email&utm\\_term=0\\_c1505081ea-425435fb48-92780129](https://www.handelszeitung.ch/geld/zweite-leitwahrung-ray-dalio-sieht-die-zeit-des-chinesischen-yuan-kommen?utm_source=Handelszeitung+Newsletter&utm_campaign=425435fb48-LUNCH_TOPICS_2021_06_02&utm_medium=email&utm_term=0_c1505081ea-425435fb48-92780129)

#### Disclaimer

This is not a recommendation or proposal to do anything. The data written in this article is not guaranteed. It is my private personal opinion. I'm not independent as I own a couple of positions of shares of companies affected.