

# KING DOLLAR

America's Primacy in the 21<sup>st</sup> Century

## ***A Losers Bet***

Almost everywhere you turn today, the Dollar Bears and the anti-American power doomsayers abound.

*China* is going to eclipse the *USA*; the dollar is going to collapse; we are bankrupt and soon to fail; Social Programs will be the end of the *US*, etc., etc. The list goes on and on. Many entail legitimate questions and dialogue; others use such to couch latent *anti-Americanism* all the while they suckle the bosom of *America*.

I rise to present a rejoinder to such – to provide the perspective of how and why the reality is that *America* has just begun its *Primacy* in the World – and why a bet against *America* is a losers bet.

My money is on *America*. I endeavor herein to demonstrate why.

One of the most useful tools for an enlightened intellect is when one believes or subscribes to a premise, look at the logical ramifications of those premises - if they don't follow therefrom then the underlying premise is flawed, no matter how compelling the facts supporting it may appear.

A Latin term says it best: *non-sequitur*.

## ***Reserve Currency is Determined by Geopolitics, Not Economics***

The fulcrum of the arguments and beliefs that the US is on the decline or is “doomed” is based on fiscal liabilities, trade deficits, and foreign reserves vis-à-vis the Dollar. The claim of fiscal irresponsibility is well founded. And on the surface these facts and arguments seem very compelling. Were they to exist in the abstract, they would be. However, like many aspects of life, they don't.

The world is a complex mosaic of *Geopolitical Alignments*. Nevertheless, the contours of the *Fundamental Structural Geopolitical Alignment* are clear. There is the *United States* and those who stand with it by choice and expediency; then there is *Russia* and *China*.

World Stability depends on clearly defined and established leadership. Without it, or even in a vacuum, the world would explode into chaos. History has amply established that. *That stability has a premium far in excess of purely economic considerations.*

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*World Reserve Currency* is an integral part of that stability, as night is to day. Changing the *World Reserve Currency* would perforce result in a restructuring of the *Geopolitical Alignment* of the World. No “economic fundamentals” can override that – the true determinant of reserve status.

History has also demonstrated that World Leadership in one century is usually determined by the events of the preceding century. This indeed has been the case for the 21<sup>st</sup> Century.

### ***The Modern European Order***

Taking a broad brush, Europe can be bifurcated into *Europe Proper* and *Former Eastern Block Europe*.

Following *World War II*, the *United States* chose a path unprecedented in World History - rather than subjugate or assimilate ( ala the *Romans* ) its conquered, it chose to use its power and resources to build an independent and free *Europe*.

It also took on the vast economic burden that we know as the *Cold War*. Most view the *Cold War* in ideological terms. However the *Cold War* can also be viewed as an economic investment. History is instructive and illuminating in this regard.

*Europe's* age old problem was the simple fact that the dominant world power was always a Nation on their continent.

This lead to war after after war after war – including *World War I* and *II*.

Thus following *World War II*, and the Vision of US Policy, *Europe* has evolved into its present state of affairs. You could define *Europe's* History as *Pre-America* and *Post-America*. Today *Europe* as a whole enjoys a level of economic and political freedom never before reached in the annals of history.

For the *Former Eastern European Block*, their very freedom today is as a result of that *American* resolve and investment. For *Europe* as a whole, post-*World War II* set the stage for this unprecedented prosperity and unity. Despite its flaws and the various differences, the *European Union* and the *Euro* would not have been possible without this geopolitical backdrop. This is why *Napoleon's* vision of the *Euro* never came to fruition before. The quiet truth is that *Europe* wants the *United States* to continue its leadership role in the world – naturally with *Russia* and *China* as a mild counterbalance to *Imperialism*. With the *United States* in its leadership role, *Europe* is free politically and economically to continue its growth and prosperity in the 21<sup>st</sup> Century and beyond. Whatever growing pains this *New Order* has caused or will cause, pale in comparison to a War on the continent.

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Were the US to lose that leadership role – and the loss of *World Reserve Currency* would presage just that – *Europe* would once again be on its own. Eventually one of the *European* countries would become dominant, and as the tide of history comes in, eventually lead to war – as centuries of history have already shown us.

It is this simple geopolitical equation: *Europe is best served by the dominant leader of the World being on another continent by a Nation that poses no threat to their freedom.*

The *Geopolitical Alignment* of the world as it stands now is as ideal it could be for *Europe* to maintain stability, freedom and economic vitality. This newly evolved *World Geopolitical Dynamic* is one of the most important factors in *America's Primacy in the 21<sup>st</sup> Century* and beyond. Before *World War II*, that was not possible.

The *Berlin Airlift* and similar events in the 20<sup>th</sup> *Century* have indelibly marked the minds of millions of *Europeans* with this simple fact: *America has been and continues to be the guarantor of their freedom – and Communism is the real threat.*

The immense geopolitical power that the *United States* enjoys flows as a direct and proximate result of these realities – and rightfully so.

Call it “beggar thy neighbor”, “weak dollar”, whatever economic euphemism one wants to use, but the simple result of recent US fiscal policy has been to shift some of the economic burden to the *Europeans*. One cannot look at economic burden through the lens of the last few years, but rather must look at it from the lens of the *entire* post *World War II* period. Whether we as Americans have or are using that geopolitical largess wisely *vis-à-vis* our economics or not, is irrelevant. Through *Deflation* we will pay our dues – as will many others.

What is the calculus of the decades of freedom ( some 60 years running ) that the *Europeans* – as well as our *Canadian* and *Mexican* friends on our border – have enjoyed without the economic burden of the Military to backstop that freedom – the one the US has borne ? The old cliché that “freedom isn't free” – indeed. The most important legacy of the *World Wars* is that the *European Leadership* of today imminently appreciate the truism of “*Peace through Strength*”. Their actions and behavior clearly reflect this.

These are the broad and fundamental reasons that the *Europeans* have every political, economic and moral imperative to support the Dollar unfailingly. They have indeed done so - and will continue to. *Europe* stands to lose infinitely more from allowing the dollar to lose *Reserve Currency* status, than any economic burden they bear from supporting it.

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They neither could afford nor want the *Euro* to have reserve currency status. Quite simply, the reality is that without *America's* Primacy in the world, *Europe* doesn't have the ideological and political binding that would be necessary to sustain the *Euro* as *World Reserve Currency* over the long term, even if they were to get it. *And they know it quite well.*

Accentuating these realities and seemingly passed by in the pedestrian dialogue of the pundits is the fact that for the first time ever both *Presidential Candidates* have appeared on the world stage as a concomitant of their US Political Campaigns.

Recent events in *Georgia* only reinforce these points. Inexplicably, these events in *Georgia* have been described as a sign of *Russian* aggression, strength, and a master geopolitical plan. *Come again ?* They are "invading" a region that just 20 years ago was solidly and absolutely a part of their own "territorial integrity". *This is a futile attempt to contain Liberty.*

It is akin to the *United States* "invading" *California* – hardly a situation based on structural and political strength. Rather it reflects their inevitable downfall: being surrounded by millions who've had the taste of freedom and democracy – the ultimate contagion - *and now represent an inexorable force that will cause Russian ambitions of empire to implode from within.*

The *United States* or the *Europeans* won't field an army – and don't need to. There are millions in the *Baltics* that now represent the front line in the fight to bring down what remains of the *Soviet Union*. *Liberty is the most powerful force on Earth.* Despite the hubris, *Vladimir Putin* and his cohorts are swimming against the *Tide of History* – it is just a matter of time until they drown. From the *European* perspective, this political and military turmoil in *Russia* serves to remove any doubt of the necessity and imperative of US strength.

It is all of these geopolitical realities – driven by self-interest on both sides of the Atlantic - which the dollar doomsayers fail to apprehend or apparently even grasp.

## ***China's "Ascendancy" is Built on a Foundation of Sand***

We keep hearing of *China's* ascendancy at the price of the *United States*. Looking closer, one can see that this "ascendancy" is built on foundation of sand. *China* is like a two-headed dog: A "Communist" "Capitalist" country ?

To truly pose a threat to the Primacy of the *United States*, *China* would need to become a full-fledged Democracy. For that to occur, would require a huge internal convulsion – during which *China* would become like *Russia* – weak, divided, and torn apart from within. Events would take decades to play out, just as they are contemporaneously in *Russia*.

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Thus if *China* truly succeeds – the logical progression of the road they are on – it will ultimately lead to a collapse of their political system. In short, *China* either succeeds and fails – or fails and fails. *Communism* is a failed and bankrupt system. *China in its present form has no future.*

The *World* is going to bet on the success of and embrace *Communism* ? That's what the true ascendancy of *China* would mean. That ideological question was asked and answered definitively in the 20<sup>th</sup> Century. Despite what anyone might say or believe, the world is not about to entertain that question again in this century.

*China* as a *Communist* nation ensures *American Primacy* in the 21<sup>st</sup> Century – *not threatens it.*

Many herald the “economic miracle” of *China*. They have about 5 times the population of the US, but their economy is about 1/5<sup>th</sup> our size. When one looks at a product “*Made in the USA*” as opposed to a product “*Made in China*” – the difference is as striking as a *jalopy* is to a *Ferrari*. Taking 5 times as many people to produce markedly inferior products is hard to view as an “economic miracle” by any stretch. What does the *United States* buy from *China* that is essential to our survival – *absolutely nothing.*

We keep hearing the worn refrain – a thousand times over – *China's* holding of a Trillion Dollars or so can bring down the *United States*, and has us on eggshells. There is no other greater argument that could contrast the difference between *intellectual substance* and *intellectual chaff* than this.

*China* has accumulated most of these reserves in the past ten years. Those reserves are a claim on future productivity of the *United States* – not past activity. The economic output of the *United States* ( assuming zero growth ) in the next ten years is about \$ 140 Trillion Dollars.

Thus *China* took ten years to acquire approximately ***a less than One Percent claim on the United States*** future productivity over the next ten years – and at most ***ten percent in any given year.*** The argument of *Chinese* power vis-à-vis its *Dollar Reserves* can't even withstand a pinhead of intellectual light.

We keep hearing that *China* can dump its Dollar Reserves at any time. That's the rhetoric and the fear-mongering – heretofore without a rejoinder. Let's take that to its logical progression. When *China* “dumps” its *Dollar Reserves* – what is *Europe* going to do ? They certainly cannot sit on the sidelines.

They will either have to support the *United States* – or support the *Chinese*. In such an event, that is the issue – not the currency – *America* or *Communism*.

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The minute the *Chinese* attempted such, it would no longer be an issue of economics – but *Geopolitical Alignment*. Such an attempt would represent a challenge to the current World Order. That challenge would be met, rejected and fail on its face. The *United States and Europe* would absorb those Dollars like water rolling off a ducks back.

The consequences for *China* however, would be catastrophic. The *United States and Europe* would cut off all trade to *China* – emasculating *China* economically and setting off a dynamic powder keg within *China* itself. The argument goes that *Americans* can't handle the interest rates the pundits fantasize that the *Chinese* could cause. Even if *China* could – and nary a pundit has yet to *definitively* explain how - the *Chinese Government* couldn't survive the internal political consequences of losing the *American and European Markets* !

*China* holds no sway over *Military, Energy or Food Security* for either the *United States or Europe*. Absent that, *China* holds no real power at all. Indeed, in such events, the emasculation of *China* would result in millions of jobs returning to *Europe* and the *United States* – thus resulting in both emerging even stronger than before. Contrary to the doomsayers' *Interest Rate Armageddon* postulations, the *American and European* economies can and would thrive without *China*.

As for their *Japanese* neighbors – history and events of the previous century again define the stage. Anyone who is privy to events at *Nanking* – and the recent rhetoric emanating from *China* in this regard understands that *Japan* is quaking in its boots at a *Chinese Ascendancy*.

They too have every interest in *American Primacy*.

*Richard Nixon* had one of the greatest geopolitical minds to occupy the *White House* in the 20<sup>th</sup> Century – a man who truly understood our role then and in this century. He set the stage we live and act upon today. He the Vision to see that to tame *China* was to bring it into the economic fold – in such a way that we and our allies retained the power to cut it off at any time. *Precisely where we stand today*.

These are the reasons that *China* poses no threat to *America's Primacy* in the 21<sup>st</sup> Century.

## ***Energy and Americas Nature***

One of the most important aspects to understand about America is its reactionary nature. Many problems are allowed to come upon us without taking obvious and decisive action – then we react to them. *December 7, 1941* – and *September 11, 2001* are but more pronounced examples of our reactionary nature. But when we do, we don't stop until we have prevailed. This is at once a societal failing and one of our greatest strengths.

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Nowhere is this nature more evident than in our Energy situation today.

Whether you subscribe to “*Peak Oil*”, “*A Biotic*” Theory, or just plain believe that there is plenty of Oil to be discovered and extracted, what is not in question is that in recent years *Oil Production* has reached a plateau. Given secular growth trends throughout the world, if that plateau doesn't change, whatever its reason, the world and particularly we as *Americans* will have to make dramatic changes.

The simple unvarnished fact is that through already proven technologies such as *Solar, Wind and Nuclear Power*, we could completely eliminate our dependence on foreign oil. This doesn't even require using our *Coal, Shale, Natural Gas or development of untapped Oil reserves*. Nor does this even take into account new technologies such as *Hydrogen, Magnetic, Cold Fusion, etc.*, or other similarly clean technologies.

*The question is not what to do - but rather what will it take to generate the Popular and Political Resolve to do what needs to be done ?*

*President Roosevelt and President Clinton* were faced with the same question – the answers which *December 7<sup>th</sup>* and *September 11<sup>th</sup>* provided. In the case of Energy, we have already begun to see the contours of where that pressure point is as Oil has touched \$ 150 a barrel. Pundits claim Oil will have a secular rise that will break *America*.

It is hard to know exactly what price of Oil will mark the pressure point of action by the *American People* – but one thing is certain: Once that point is reached, there will be no turning back, as enemies of the *United States* learned post *1941* and post *2001*. *We will do whatever it takes*.

The Dollar Doomsayers and pundits foretell the impaling of the *American Economy* on the sword of Oil. We hear how the *Middle Eastern* countries hold *America* by the short hairs with Oil. The Dollar Doomsayers recite the tired litany of why the Dollar is going to collapse. Here too they are as short on intellectual support as they are in confidence in *America*.

Once Oil gets high enough to structurally threaten the *American Economy* we will wean ourselves off the Oil. Though they say a *Nuclear Reactor* takes five years to build – likely true – these doomsayers fail to recall the lessons of American history: *December 1941 to March 1945 was just over three years*. Let *America's* record speak for itself. Achieving true *Energy Independence* could be likewise achieved in that same time frame, or as they say, in a “*New York Minute*”.

Missing is the Popular and Political Resolve to do so – *not the wherewithal*. Yes, the end of Oil is coming - not because of so-called “*Peak Oil*” – *but technologically*.

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Through innovation and development, the *United States* will soon take us to the next level of *Energy without the use of any fossil fuels*. Not only will that eliminate any strategic and geopolitical weaknesses based on a dependence on foreign oil, but it will also serve to help dramatically in addressing the “*unfunded liabilities*”.

Removing the current *Energy Cost Structure* and multiplying that over decades is a treasure chest of *Tens of Trillions of Dollars for the United States* – yet again a crucial factor wholly absent in the superficial and weak rhetoric of the doomsayers – and from an investment perspective, a fatal underestimation of the awesome power of *America's* innovation.

For the *Middle Eastern* countries, the greatest danger to them is not the Dollar but from *America* reaching the point of no return on *Energy*. Once we do, that will mark the beginning of the end for them. Without Oil, they have nothing – no economic or political power – and absolutely nothing but deserts full of sand to fall back on. Though the Dollar Doomsayers say that the *Middle Eastern Oil Majors*, like *China* can dump our Dollars – they once again fail to comprehend the geopolitics of the World.

If these countries burn the *United States* now, in the few short years when they run out of Oil, what will they do then ? Since they would have burned the *United States* and dumped the Dollar – what will they use to buy food – their sand ? Perhaps they will call their “comrades” in *Siberia* or *Peking* for a few million bushels of Wheat ?

## ***Fortress America***

One of the greatest strengths of *America* is its geography.

We are land locked which is a huge strategic and military advantage. But it doesn't end there. We have been blessed with a situation where, as has been oft said, we are the “*bread basket*” of the world. We produce somewhere on the order of *55 kilos* of corn for every human being on the planet. We carry 40% plus of the entire worlds research and development. We lead the world in Recycling, both in sheer volume and in perpetual ingenuity. These are but some of our many inherent strengths as a Nation.

We produce all of the materials, technology and knowhow for our Military might. We have every resource needed for *Energy Independence*. Our population density is far less extreme than *China*, *India* and many other countries. Through *Canada* and *Alaska* we have access and control of massive amounts of fresh water – more than enough for generations.

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Through the vision of many unsung *Americans*, despite the scourge of *Nuclear Proliferation* we will be able to count on *Missile Defense* and other related technologies to further secure our continent. There are those who say that *Americans* aren't willing to make any sacrifices. It is true that today many fail to adequately appreciate that they've enjoyed a lifetime of freedom and prosperity that the "*Greatest Generation*" paid for with their lives.

Nevertheless, *Americans* have shown again and again, that when their feet are put to the fire, they'll make *any sacrifice necessary*. Millions in our *Armed Forces* demonstrate that daily - along with their resolve to backstop our *Liberty* with their lives.

*America* could close its doors, and be completely self-sufficient, if it so desired. When one compares that simple and unequivocal reality to the claimed "power" of others who hold our paper currency – but lack these geographic and structural attributes - it is easy to see where the real power lay.

*Geography* and *Geopolitics* go hand in hand.

### ***Iraq: Primacy Settled***

In the film "*A Few Good Men*" *Jack Nicholson* infamously retorts "*You can't handle the truth*". It is apropos for *Iraq*, in point of fact and contextually. It is clear that our action in *Iraq* was based on securing both the supply of Oil in the region, and to establish a US ability to maintain security until such time as Oil is no longer the dominant source of energy. In the timeless ambit of *Geopolitics*, "*Pretext*" and "*Opportunity*" are synonymous.

Many people, *Americans* and otherwise, can't handle the truth. The truth isn't always convenient to their ideology or reality. We see those who protest the US action on the basis of Oil – except these same protestors didn't arrive at the protest on their bamboo bicycles. Neither did they give up their refrigerators, televisions, air conditioners or elevators. They put their food in Ziplocs and their trash in plastic bags. It's a blatant hypocrisy overlooked by critics and US bashers.

The cold truth is the World as a whole is dependent on Oil to maintain the present lifestyle that is taken for granted. Not even discussing the infinite uses of Oil which millions either don't know or take for granted, important survival facts such as there is only approximately a 60 day supply of food in the World, or that food production is critically dependent on Oil, or that the food delivery system would collapse without a freely flowing Oil supply, are facts markedly absent at every protest or in any denunciation of the *United States*.

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Though many wish to portray it as such, this is not about *George Bush* or his Oil cronies. *People want the Oil – and they need the Oil to flow unimpeded.* Sometimes we are manipulated for our own good – other times for nefarious reasons. From *James Madison in the War of 1812*, to *Roosevelt's "Lend-Lease"* – this is nothing new. Political leaders have been manipulating the people for centuries. Most of the time it is for the collective good. *Jack Nicholson* had it exactly right.

*Iraq* represents much more however. The *United States* unilaterally invaded and took complete control one of the richest Oil countries in the World – and nobody lifted a finger to stop us. This would have been impossible just 25 years ago – even *Ronald Reagan* wouldn't have tried that.

What *Iraq* represents is the settlement of *American Primacy* in the 21<sup>st</sup> Century. The *Europeans*, the *Japanese*, and many other countries want and need the security and stability provided by US Military Force. *Nuclear Proliferation* makes this imperative going forward.

They tacitly endorsed *America's Primacy* with *Iraq*. Indeed why shouldn't they ? They have every factual and moral reason to have confidence in our motives – *Security and Stability* – for ourselves and others. The *United States* showed its true colors in the post-World War II period – *the United States won't oppress a Nation even when we had the absolute power to do so. America has rightfully earned the mantle of Leadership.*

This tacit endorsement along with the fact that both *Russia* and *China* did not rise militarily in direct opposition is *most telling of all*. If they were going to challenge *American Primacy* in this Century – that was the time and place to do it. That they didn't isn't out of benevolence towards *America* – it is because they couldn't. *It is, as they say, proof of the pudding. American Geopolitical Power* is stronger today than ever before.

## ***Ideology of Liberty***

The true source of *America's Power* is not found at the butt of gun or in our economic strength. *America* stands for the fundamental principle that citizens are entitled to as much *Individual Liberty* as can be permitted within a civilized society. Like a slide rule, that *Liberty* fluctuates with political ideologies, from side to side, as it should and must; but endures as our fundamental societal precept. In it lay the very essence of *Humanity* and the *Human Spirit*.

*America* has an unrivaled *Cultural Diversity* which also serves as one of our greatest strengths. The glue that binds that *Cultural Diversity* into a cohesive society is the fundamental belief of all these people, irrespective of origin, race, creed or color in that principle of *Individual Liberty*.

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This is why individuals from all over the world have been willing to die to reach *America* almost from her birth, and as ever, today.

From the lessons of *Pericles* to the *Crowns of Europe*, our *Founding Fathers* had the Vision and Fortitude to see that no one individual can be permitted to have too much power – and our system was exquisitely designed to prevent that from occurring. *Our entire system of Government rests on that quintessential principle*. That is their true genius and greatest legacy.

The recent decision in *Boumediene v. Bush*, et al., spawned a flurry of dialogue amongst the pundits – like manna from the heavens. The interchanges have been colored from the lens of partisan ideological perspectives, with the myopic superficiality that usually accompanies such.

Yet that decision is a reaffirmation of that quintessential principle which serves as our foundation of Democracy – and is a glorious testament that the Vision and Genius of our Founding Fathers is alive and well. As *Thomas Paine* said so long ago and rings true in that decision: “*America has no Monarch; here the Law is King*”. One need look no farther than that decision to see clearly that *America's Democracy* is as healthy and vibrant as ever – and see the awesome Power of America:

*Our Ideology of Liberty.*

The doomsayers and pundits are very adept at seeing and articulating all of *America's* problems. But what they fail to see and grasp is that *America* is infinitely more than the sum of her problems. Do we have serious fiscal and other issues ? Indeed so. But the strength, ingenuity and resilience of *America* and her ideals will weather whatever storms lay ahead.

Throughout the 20<sup>th</sup> *Century America* has become stronger and stronger – *Democrat* or *Republican* being no matter. We've weathered two *World Wars*, *Pandemic Flu*, *Depression*, *the Cold War*, *the Cuban Missile Crisis*, *Oil Shocks*, and myriad other threats to our security and stability.

*Whatever must be done always gets done – and always will.*

As the carnage of the *Civil War* to the rise of *Barack Obama* so beautifully illustrates, *America* only grows stronger from her wounds and mistakes – regardless if they are self-inflicted or not.

*America's Primacy and Leadership* in the 21<sup>st</sup> *Century* is well founded – *Geopolitically*, *Militarily*, *Economically* and most important, *Ideologically*.