Introduction

> *The money power preys on the nation in times of peace, and conspires against it in times of adversity. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy. It denounces, as public enemies, all who question its methods or throw light upon its crimes.*
>
> ~ Abraham Lincoln

Money is power. For the elites who control it, money is a tool to exert dominance and power over the masses. Our money is corrupt to the core and spreads this corruption throughout the whole of society. If people knew what money is, how it is created, how corrupt it is, and the advantages it grants to those who are closest to the spigots of money—the banking elites, the politicians, the bureaucrats—at the expense of all the others, the world would be different. Unfortunately, despite being the most commonly used good, and the one universally pursued, money remains a closely guarded secret. To preserve that "secret," the power elites who rule over money have gone to great lengths. Narratives have been crafted, promoted, and made into undisputed truths. There is no way in this world for young students to learn what money really is, except through self-learning from alternative sources. University curricula have been manufactured to skip the inconvenient truths, and great economic minds and their postulates have been obscured and marginalized. Meanwhile, those who praised the virtues of the fiat system—without criticizing its obvious pitfalls—have been elevated among the greatest economists and awarded Nobel Prizes. This systemic deception has lasted for over 80 years, at least since Bretton Woods started the irreversible process of dismantling the Gold Standard and rebuilding the global monetary system around the fiat dollar.

Perhaps no one knows this better than the "Gran Maestro" of the fiat world—Alan Greenspan—who candidly tells us the unspoken truth:

> Deficit spending is simply a scheme for the "hidden" confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights. In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value.

Thanks Gran Maestro, that's the core of it. Indeed, the fiat system has been purposely created, nurtured, and maintained as an extractive system for the power elites. Each government on the planet, and its elites, extracts wealth from their citizens, while the U.S.A., being the global reserve currency, has done this to the rest of the world. Think of it as a ladder of power, just like it was in Medieval times, when the king preyed on the aristocracy, which in turn preyed on the knights, who did it to the peasants. Everyone had their vassals to plunder, except for the people at the bottom. Fast forward 800 years, and the game of pillage remains unchanged.

Previous American economic and geopolitical hegemony was the result of a brilliant system created in the 1970s called the Petrodollar, which artificially increased the global demand for U.S. dollars by universally pricing energy commodities in dollars. More importantly, the Petrodollar system created a mechanism for recycling global dollar liquidity into American debt. The Petrodollar system has acted like a huge vacuum, sucking up ever-increasing U.S. monetary inflation and financing American deficit spending to reach its current massive levels, without hurting the dollar's purchasing power relative to other fiat currencies. The Washington Consensus and the Military-Industrial Complex—two indispensable pillars of the Petrodollar—completed the system, channeling global dollar flows where they would be most profitable for the hegemon, and enforcing its rules through violence against dissenters.

This has been America’s “exorbitant privilege” for the last 80 years.

This is coming to an end. Unnoticed by most, and observed by the few, the Petrodollar recycling mechanism, which fostered American economic supremacy and military hegemony from the mid-twentieth century to the current day, is broken. While most commentators focus on de-dollarization, they miss the forest for the trees. The real de-dollarization is the shift away from U.S. Treasury securities as the global reserve liability (*pardon*, “asset”). This is what can bring the fading hegemon to its knees.

The BRICS+, the Shanghai Cooperation Organization (SCO), and the Belt and Road Initiative (BRI), have grown into giant blocs of economic cooperation, consolidating roughly 60% of the world’s economic output and 70% of the population. These regions are increasingly alienated from the U.S.A. and Western Europe. And regardless of the fact that they do not share a common currency to challenge the dollar, they still represent a systemic and strategic threat to American hegemony.

In fact, despite such areas still being awash with dollar liquidity—so much so that China is the biggest lender in these areas of, guess what, dollars—those dollars have stopped flowing back into American debt. Paradoxically, they start to flow into Chinese-issued debt denominated in dollars. China will not arbitrarily seize the funds, and such dollars can be freely reinvested into productive infrastructure projects that benefit local economies, rather than into speculative instruments such as U.S. stocks, real estate, or debt. What an irony.

Nevertheless, there seems to be some hope. The new Trump administration is at least aware of the seriousness of the problem, and a hidden Plan B has started to take shape.
This book aims to shed light on this Plan B, on the new elite behind it, and on how this will affect all of us, not only in the U.S. but also globally. After all, each of us makes economic decisions every day, and the most important one is about the money we use.

Beware though, this is not yet another Bitcoin book. Instead, the focus of this book is on the geopolitical and geostrategic implications of the Bitcoindollar system. This is the view that has largely been missing so far, despite it being the factor that most affects Bitcoin’s future adoption.

By looking at Bitcoin and the birth of the Bitcoindollar system through geopolitical and geostrategic lenses, we gain a unique perspective to understand why bitcoin prices will rise to levels difficult to imagine today. Once the implications of this new system come into focus, the price of bitcoin becomes not a matter of speculation but the mathematical outcome of fiat monetary expansion, bitcoin’s “vacuum” effect, and its fixed supply. If those who predicted a million-dollar bitcoin did so by simply praising its virtues and speculating about an uncertain path to adoption, then once the mechanics of the Bitcoindollar system are understood, and its adoption path becomes clearer, a multi-million-dollar bitcoin becomes a mathematical consequence of that irreversible path.

In the last 12 months, there has been a paradigmatic shift. The new Trump administration, a few sovereign countries, a number of U.S.-listed corporations, and the largest money manager on earth, have recognized what bitcoin can do for their treasuries and balance sheets in a debt-ridden fiat system on its way to collapse. They, just like countless people worldwide, have come to realize that owning bitcoin is compelling to protect wealth. What has been described by mainstream media, central bankers, and government officials alike for almost 17 years as “rat poison,” “Ponzi scheme,” "funny money," "money for drug dealers," and the ever-present "bubble," has evolved into the capital asset necessary to balance the liabilities of the fiat Ponzi and extend the elite's privileges for a little longer. Again, what an irony.

And here is the pitfall: those in power believe that while they cannot ban Bitcoin, they can at least control it, co-opt it. But they are fooled. This is not going to happen. While bitcoin can temporarily shore up American debt and the continued hegemony of the dollar, Bitcoin's Game Theory will begin to take effect, and incentives will gradually shift as adoption increases. Eventually, Bitcoin will set the rules, fundamentally altering the game of money as we know it. This transformation will take 10, 20, or even more years, but the Bitcoindollar system is merely the first step toward the global adoption of bitcoin—initially as a store of value and later as a global currency.

I have become convinced that this top-down adoption is the safest path because it does not require a systemic revolution, nor does it create conflicts or displace the elites. It gives the power elites the time they need to adapt. They will be co-opted, not Bitcoin. One emerging elite will replace the other. This process avoids conflict, both internally and externally. Let us not forget that when money and power are concerned, violent conflict is the most likely outcome. But, hopefully, not in this case. The Bitcoindollar system represents a temporary lifeline for the U.S. to preserve its hegemony, avoid the collapse of the global financial system weighed down by unsustainable levels of debt, and hopefully reduce the risk of escalation in the many global flashpoints of conflict. It also gradually diminishes the influence of the cancerous Military-Industrial Complex, reducing it to what it should be: a defense industry, not an aggressive, all-out global war machine.

In short, the Bitcoindollar system is the much-needed opportunity to transition to a better system driven by the new incentives and Game Theory established by Bitcoin—not by us.

Getting there would fulfill Satoshi Nakamoto's dreams; one way or another, it will be a better world than we have today.

Bitcoin: A Peer-to-Peer Electronic Cash System[1]

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Abstract. A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution. Digital signatures provide part of the solution, but the main benefits are lost if a trusted third party is still required to prevent double-spending. We propose a solution to the double-spending problem using a peer-to-peer network. The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and outpace attackers. The network itself requires minimal structure. Messages are broadcast on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

1. S. Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System," Bitcoin White Paper, October 31, 2008, view online at https://bitcoin.org/bitcoin.pdf.