

Let me begin with a *mea culpa*. An admission of error triggered because of a “triggering” change in personnel elected in DC.

Now, I have been uncompromising in long claiming the world’s major fiats will become CBDC’s. My contention has been these will only become digitalised after crypto currencies in the respective sovereignties have been taken into such strict regulatory control as to pull the rug from under their entire sorry market. Here then is my *mea culpa*.

As convinced of its inevitability, I now recognise that with Trump back in the Oval Office and Musk at his side, there is no chance of progress in the process of dollar digitalisation. This admission made, I have no doubt China will continue unrelentingly on its course of attaining such an end for its yuan and only currency. I will commit myself even further by claiming China’s DC end game comes before Trump’s game ends in DC. And herein lies the problem. To my mind at least, Beijing CANNOT CONCEIVABLY allow the dollar to have a meaningful role in China’s financial system if it is NOT digitalised, WHILST the yuan is. By way of reasoning, I will invoke a form of Gresham's Law.

To recap, Beijing’s ban on cryptocurrencies back in 2021 (unpopular or not) was an essential precursor to using established blockchain and ledger tech to digitalise its yuan (unpopular or not). Yet, unless the \$ is similarly digitalised, it would in the context of Gresham’s Law, take on the role of “the bad currency”, driving out the “good yuan”. Because Beijing could NOT POSSIBLY allow such an outcome, it has a simple choice. DELAY the yuan’s digitalisation for at least until the buck-ends for Trump, OR, during his time in DC, demote the \$ out of any meaningful role within its financial machinery. Diminish to near de minimis, its place as a transactional or saving currency. Since the latter are TWO of the CRUCIAL currency roles the DOLLAR has long DOMINATED NOT ONLY FOR China BUT WIDELY, the consequences will be UNPRECEDENTED.

Suppose THEN Beijing employed ITS LEGENDARY patience. The problem is it could not be sure Trump would be succeeded by someone likely to progress with the \$’s digitalisation. The only conclusion one can reach then is that Beijing WILL CONTINUE the (unpopular or not) process of swiftly disintermediating the dollar from its financial system, doing so at a speed which markets “denominated and dominated by dollars”, are woefully unprepared for.

To a great many my last claim is a damn stupid one. So insane it is deserving of me being stripped of not only my PhD, but any accreditation in the fields of economics and finance. Well, I stand by it precisely because of my education. Let me draw upon a few Spartan words.

I’m perfectly aware of the zealotry of both dollar and bitcoin enthusiasts. Conscious that the fealty attached to each is such it generates fierce attacks on those who claim they are so flattering in their elevated levels, they dangerously deceive. This of course isn’t what the fanatics want to hear. Yet, I have never shirked from pointing to whenever and wherever capital markets have been overrun by maddening crowds. I have never feared or hidden from the opprobrium that comes with honestly honouring economics. Just bring it on. I digress.

Let’s be clear. There is no shortage of sovereign nations that have sacrificed their currency for one over which they have no control. One can point to minnows like Montenegro & El Salvado, each, in very their different ways, having defenestrated their old currency to economically and financially “function” using another. That the incoming Federal Administration is allowing itself to laud crypto units as akin to dollars is, to me at least, the most alarming development I have ever witnessed, and one whose denouement cannot be exaggerated in its catastrophic consequences. For the US seems set to move not towards the Montenegro Model, where the euro is the de facto currency, but towards that “employed” by El Salvado four year ago. For to repeat, back in 2021 the leadership in San Salvador insanely suggested it would become the world’s first Bitcoin-denominated nation. As we also know, even though the IMF’s most recent \$1.3bn “bailout”, came with the plea for it to disengage from Nayib Bukele’s mad BTC’in idea, he is not only sticking to it but claiming success in view of a booming Bitcoin. For context El Salvador had been dollarised from 2001, having abandoned its rather unfortunately (appropriately?) named, colon currency.

Let me close with this chilling, BUT CONTROVERSIAL warning. A day MUST COME when even the US has to stop the crypto con. Yet, as much as I want to be on this planet when that day dawns, I do not want to be anywhere near to the riots that follow. FICTIONAL FINANCIAL BOOM, followed by FEROCIOUS REAL “BOOMS”.

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