



The American

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“The trouble with our liberal friends is not that they are ignorant, it’s just they know so much that isn’t so.”

Ronald Reagan

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This Issue’s Guest Columnist



Our guest columnist this issue is Drew Allen. Drew is the host of “The Drew Allen Show” podcast. He is a Texas-bred, California-based and millennial author, columnist, and political analyst. His work can be read and seen and heard at drewthomasallen.com

It’s no secret that the United States of America became a superpower as a result of World War 2. Even before the war officially concluded, the United States secured its long-term economic viability with the Bretton Woods Agreement.

The upshot of that 1944 meeting of delegates from 44 countries in Bretton Woods, New Hampshire was the establishment of both the International Monetary Fund (IMF) and the World Bank. But more importantly, the agreement replaced the gold standard with the U.S. dollar as the global currency. In short, America became the dominant power in the world economy.

It was a shrewd shift that gave the dollar more value relative to other currencies. But it was also secure and practical: the United States held three quarters of the world’s supply of gold, which made the U.S. the only country with enough gold to back its currency — the dollar — as a replacement for the gold standard.

But this post-war agreement was abandoned in 1971 when President Nixon announced he would unshackle the U.S. from its promise that a dollar was worth 1/35th of an ounce of gold. Since then, the dollar’s value has gone from objective to subjective; from \$35 an ounce of gold to whatever people think it’s worth.

The long-lasting impacts of ending the gold standard have arguably been devastating. The abandonment of the gold standard has certainly led to great instability and uncertainty with regard to both the diagnosis and treatment of economic catastrophes like inflation.

The dominance of the dollar and U.S. financial hegemony would likely have ended had the U.S. not struck an agreement with the Saudis in 1974 to make all purchases of Saudi Arabian oil in U.S. dollars.

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The American is not related in any way, to any political party. The editor is not a member of any political party. We seek only the truth, regardless of who it helps – or hurts.

newsletter@AmericanEndeavorInc.com

“Inflation is as violent as a mugger, as frightening as an armed robber and as deadly as a hitman.”

Ronald Reagan

Where to get knowledge

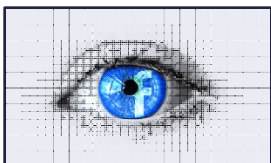
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This issue's **Imprimis** article is "**Inflation in the US**" by John Steele Gordon.

This article is from a speech in Washington DC, delivered by Steele.

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Oil, like gold, is a commodity and oil is the new gold. In fact, the annual oil market is roughly ten times the size of the gold market. The upshot of the Saudi's (and OPEC's) willingness to trade their oil exclusively for U.S. dollars is that the dollar has remained the dominant world currency. Countries needed dollars to purchase oil so they stocked up on dollars and the excess dollars were then recycled into the U.S. economy to buy U.S. goods, services, and treasuries.

But if Saudi Arabia agrees to sell their oil to the Chinese for yuan rather than the dollar, as the Saudi's are reportedly considering, this could spell the end of America's previously enjoyed status as the world's reserve currency.

This isn't insignificant. In fact, such a shift would deal a catastrophic blow to the American economy and usher in a new era, in which the United States is supplanted by the Chinese as the world's dominant superpower. It would hasten America's fall and China's rise. The world as we've known it would come to an abrupt end.

Unlike the U.S., Saudi Arabia, and Russia, China does not sit on vast, untapped sources of oil. They are not oil rich, as we are. Because of this, the Chinese must import oil. In 2017 China surpassed the United States as the world's largest crude oil importer. Russia is China's largest supplier of oil, followed by Saudi Arabia. This gives the Chinese leverage to insist that their oil purchases be made in yuan, rather than dollars.

As China pays for more oil in yuan, rather than dollars, foreign suppliers will also have more yuan in their accounts. They will use their excess stocks of yuan, rather than dollars, to buy Chinese goods, services and Chinese government securities and bonds. This will strengthen the Chinese market and promote the de-dollarization of the oil market. China is using oil to de-dollarize the world economy. China is using oil to replace America. And the Biden Administration is ensuring that this happens.

In February, just before the Olympic Games began in China, Putin and Xi met face to face and unveiled a new deal estimated to be worth \$117.5 billion for Russia to supply China with oil and gas. China would pay the Russians in yuan, rather than dollars.

As the Chinese are using their leverage as oil importers to de-dollarize the world economy, the Democrats are demanding that Biden declare a 'climate emergency' and issue an executive order banning all drilling on federal land. The federal government owns nearly one third of U.S. land. This would effectually end American oil production and ensure that both America and the rest of the world become reliant on foreign energy.

The Biden Administration has turned a Chinese vulnerability into a strength. If the United States does not unleash its oil and gas industry, the yuan will replace the dollar as the world currency. But that's the point. Biden and the Democrats aren't playing for Team America, they're compromised and they're batting for China.

And a final thought from Mr. Reagan:

"Government's first duty is to protect the people, not run their lives."