

The Graveyard of Empires: The World Order Collapses

By Nick Giambruno

“You have the watches, but we have the time.”

The Taliban often referred to this old Afghan saying when discussing their fight against the Americans. Ultimately, they were proven correct.

After almost two decades of conflict, an insurgent army from one of the world’s poorest nations inflicted a decisive military defeat on the US, the global superpower that upholds the unipolar world order.

The US government’s total failure in Afghanistan—the longest war in American history—signifies a crucial moment and turning point in world history.

The Soviet Union collapsed about two years after the Red Army was defeated and withdrew from Afghanistan.

As we approach the second anniversary of the American retreat, could a similar fate be in store for the US?

While nobody knows the future, there is an excellent chance that the colossal failure in Afghanistan could accelerate the unravelling of the geopolitical power of the US and the shift to a multipolar world order.

Afghanistan’s strategic position has always made it a coveted prize in the Eurasian landscape. As shown in the image below, Afghanistan is situated in the centre of Eurasia, at the crossroads of China, Iran, and Russia—the three primary challengers to the US-led world order. This central location is why Afghanistan has enormous geopolitical importance and why the US desired a strategic military presence there.



Source: Ontheworldmap.com

The US military’s presence in Afghanistan was a strategic roadblock to Russia, China, and Iran’s goal of creating a powerful geopolitical group in Eurasia that could challenge the US-led world order.

However, with the Taliban forcing the US military out of Afghanistan, the door to a more coherent geopolitical alliance in Eurasia is now wide open.

In short, failure in Afghanistan is a geopolitical disaster for the US.

For at least the past decade, China, Russia, and Iran have been working on an impressive plan to connect Eurasia—even while the US military was in Afghanistan. This trend will likely speed up now that the US military is no longer physically in their way.

Here's what they have been working on...

China, Russia, and Iran are constructing a vast network of land-based transportation infrastructure, making the US Navy's control of the oceans less significant.

China's New Silk Road project is central to this new system. It aims to bypass the US financial system and the US Navy's control of sea routes. The project, planned to be operational by 2025, includes high-speed railways, highways, fibre optic cables, energy pipelines, seaports, and airports.

These Eurasian powers are also establishing alternative international organizations for financial, political, and security cooperation, separate from those central to the US-led world order, institutions like NATO, the World Bank, SWIFT, and the IMF.

- (1) Some notable examples include the **Asian Infrastructure Investment Bank (AIIB)**, launched by China in 2014 and is an alternative to the IMF and World Bank.
- (2) **The Eurasian Economic Union (EEU)**, a Russian-led trading bloc created in 2015, allows for the free movement of goods, services, capital, and people among its member countries.
- (3) **Lastly, the Shanghai Cooperation Organization (SCO)** focuses on military and security collaboration between its members.

If current trends continue, it will result in greater economic, political, and security collaboration among the three main Eurasian nations—China, Russia, and Iran—at the expense of US geopolitical interests.

This scenario is exactly what Zbigniew Brzezinski worried would make the US “geopolitically peripheral.” It spells the end of the unipolar world order.

In short, we are on the path to the emergence of an alliance of powerful Eurasian countries and a multipolar world order.

As the world order changes, I think there are two prominent investment outcomes we can bet on.

Outcome #1: The US Dollar Will Lose Its Privileged Position

The decline of America's geopolitical influence is another enormous headwind for the US dollar. Suppose the world thinks the US military is the ultimate backstop of the US dollar. **What does it mean for the US dollar's credibility when a ragtag group of insurgents from one of the poorest countries can defeat the military which backs it?**

If the mighty US military couldn't secure its partners in Afghanistan, how can it protect its other allies? Taiwan, South Korea, Japan, Western European countries, and the Gulf Arab states are likely pondering this. It wouldn't be surprising to see them make security arrangements with US adversaries—such as China, Russia, and Iran—that exclude the Americans.

In fact, this has already happened with Saudi Arabia, a crucial player in the US-led world order. Saudi Arabia is the linchpin of the petrodollar system, which has underpinned the US dollar since Nixon removed its last links to gold in 1971.

In a matter of weeks, Saudi Arabia has:

1. Restored relations with Iran.
2. Restored relations with Syria and welcomed it back to Arab League.
3. Supported multiple OPEC+ oil production cuts against American wishes.
4. Announced an end to the war in Yemen.
5. Agreed to sell oil in other currencies.
6. Decided to join the Shanghai Cooperation Organization (SCO).

The US recently sent its CIA director to Riyadh to tell the Saudis the Americans feel "blindsided" amid these seismic shifts in Saudi foreign policy.

In short, a paradigm shift in Saudi policies signifies a paradigm shift in the US dollar because of the petrodollar system.

However, Saudi Arabia is not the only US ally hedging its geopolitical bets recently. France, India, Japan, Mexico, Brazil, and others are making moves to cozy up to the Eurasian geopolitical block.

The big question is, how long will the world continue to hold the paper liabilities of a bankrupt and declining government?

While the US dollar is the leading global currency, it was already on a path of inevitable debasement and eventual collapse—even before considering the compounding effects of a multipolar world order.

The only reason the US government has managed to avoid severe consequences from its monetary policies is the US dollar's status as the world's premiere reserve currency, thanks to Washington's military and economic dominance that has prevailed since the end of World War II. **However, as this dominance wanes, so will the dollar's purchasing power.**

The US government's ability to hide the effects of its rampant money printing by offloading trillions of dollars to foreigners is nearing its end.

That's terrible news for the US dollar.

Now, that doesn't mean I'm excited about the Chinese fiat currency—or whatever new monetary concoction the Eurasian block comes up with. Ultimately it will be nothing more than the liability of a new grouping of corrupt politicians and bureaucrats.

Money is simply something useful for storing and exchanging value. That's it. People have used stones, glass beads, salt, cattle, seashells, gold, silver, and other commodities as money at different times. Think of money as a claim on human time. It's like stored life or energy.

Unfortunately, today most of humanity thoughtlessly accepts whatever worthless digital and paper scrips their governments give them as money. However, money does not need to come from the government. **That's a total misnomer that the average person has been hoodwinked into believing.**

Fake money comes from government. Real money emerges from the market.

Government currencies are terrible money because they are easy to produce with a potentially unlimited supply.

The free market wouldn't choose government confetti as money without laws forcing their use.

Here's another way to think of it.

Imagine if Tony Soprano forced his neighborhood to use pieces of paper with his signature as money and threatened violence against anyone who disobeyed. That's what governments are doing with their currencies.

Here's the bottom line with money. Hardness is the most important characteristic of a good money.

Hardness does not mean something that is necessarily tangible or physically hard, like metal. Instead, it means "hard to produce." By contrast, "easy money" is easy to produce.

The best way to think of hardness is "resistance to debasement," which helps make it a good store of value—an essential function of money.

Would you want to put your savings into something somebody else can create without effort or cost? Of course, you wouldn't.

It would be like storing your life savings in Chuck E. Cheese arcade tokens, airline frequent flyer miles, or pieces of paper with Tony Soprano's signature. Unfortunately, putting your savings into government currencies isn't that much

different. What is desirable in a good money is something that someone else cannot make easily. **In short, as the US dollar loses its privileged position, I expect an ocean of capital to flow into apolitical, free-market, hard-to-produce monetary alternatives like gold and Bitcoin.**

That's why I think the end of the unipolar world order will boost two major investment trends—the re-monetization of gold and The Bitcoin Supremacy—as the world seeks alternatives to the US dollar.

Outcome #2: Commodity Supply Disruption

The end of the unipolar world order means transitioning to a multipolar global trade regime—with serious implications for commodities.

As I see it, there will be two main geopolitical blocks.

First, there are the countries part of or allied with the West. I'm reluctant to call this block "the West" because the people who control it have values antithetical to Western Civilization.

A more fitting label would be **NATO & Friends**.

The other block consists of Russia, China, Iran, and other countries favourable to a multipolar world order.

Let's call them the **BRICS+**, which stands for Brazil, Russia, India, China, South Africa, and other interested countries.

Algeria, Argentina, Bahrain, Bangladesh, Belarus, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, Saudi Arabia, Sudan, Syria, Tunisia, Turkey, the UAE, Venezuela, Zimbabwe, and numerous others have expressed interest in membership of BRICS.

BRICS+ is not a perfect label, but it's a decent representation of the countries favourable to the multipolar world order.

While there already is friction in free trade—sanctions, tariffs, export bans, nationalizations, embargoes, strategic competition, etc.—between NATO & Friends and BRICS+, I expect it to grow substantially as the multipolar world order emerges.

That will have serious consequences for commodities, which BRICS+ dominates.

Take Russia, for example.

Politicians and the media in the US often ridicule Russia as nothing more than "a gas station with nuclear weapons," an inaccurate cartoonish depiction. Here's the reality...

Russia is the **world's largest exporter** of natural gas, lumber, wheat, fertilizer, and palladium (a crucial car component).

It is the **second-largest exporter** of oil and aluminum and the third-largest exporter of nickel and coal.

Russia is a **major producer and processor** of uranium for nuclear power plants. Enriched uranium from Russia and its allies provides electricity to 20% of the homes in the US.

Aside from China, Russia **produces more gold than any other country**, accounting for more than 10% of global production.

These are just a handful of examples. There are many strategic commodities that Russia dominates.

In short, Russia is not just an oil and gas powerhouse but a commodity powerhouse.

As tensions between NATO & Friends and BRICS+ continue to rise, I expect it to disrupt commodity trade between the two further.

Supply disruptions mean higher prices. That's an outcome I think we can bet on.

I expect countries in both geopolitical blocks will increasingly focus on securing critical commodities and ensuring access to stable supplies.

I think we can bet on geopolitical competition between the two blocks causing increased demand and unstable supplies.

That's why obtaining exposure to strategic commodities as the world order changes could be a winning move.

Here's the bottom line...

Unfortunately, most people have no idea what really happens when the world order changes, let alone how to prepare...

The coming crisis will be much worse, much longer, and very different than what we've seen since World War II.

Countless millions throughout history were wiped out financially—or worse—as the world order changed because they failed to see the correct Big Picture and take appropriate action.

Don't be one of them.