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Der Goldstandard aller Goldstudien

Trade Restructuring leading to Monetary Reset? – Louis-Vincent Gave debattiert mit Luke Gromen

We closed the gold window on Sunday, August 15th, 1971. I think we just closed the dollar window on Wednesday, April 4th.

Luke Gromen

- **Das Ende des Dollar-Fensters?** Luke Gromen argumentiert, dass die im April 2025 eingeführten US-Zölle das „Dollar-Fenster“ geschlossen haben – ähnlich wie Nixon 1971 das Goldfenster schloss. Dies könnte ein Wendepunkt im globalen Währungssystem sein, bei dem künftig Gold (und nicht mehr US-Staatsanleihen) die globalen Defizite ausgleicht.
- **US-Anlagen verlieren an Attraktivität:** Louis Gave betont, dass ausländische Investoren US-Treasuries und die großen Tech-Aktien („Magnificent Seven“) zunehmend meiden. Gründe sind u. a. Angst vor Konfiszierung, fiskalische Unverantwortlichkeit und neue regulatorische Risiken.
- **Gold und Alternativen rücken ins Zentrum:** Beide Analysten sehen wachsende Kapitalströme in Richtung Gold (und teilweise Bitcoin), weil globale Akteure nach neutralen, inflationsresistenten Reservewerten suchen. Diese Entwicklung könnte die Kapitalflüsse und Vermögensallokation der nächsten Jahre tiefgreifend verändern.
- **Eine US-gesteuerte Umstrukturierung mit hohem Risiko:** Die protektionistische Politik der Trump-Regierung birgt massive „Umsetzungsrisiken“. Gromen warnt davor, dass die USA sich selbst in eine Stagflation oder gar eine Schwellenländer-ähnliche Krise manövrieren könnten, falls die Finanzmärkte das Vertrauen verlieren.
- **Chinas strategische Geduld:** China bereitet sich seit Jahren auf wirtschaftliche Konfrontationen vor und hat bereits erhebliche Schmerzen weggesteckt. Beide Experten warnen davor, Chinas Stärke zu unterschätzen oder seine Schwäche zu überschätzen – das könnte sich für die USA als schwerer Fehler erweisen.
- **Anlageideen für eine neue Ära:** Für die kommenden Jahre raten Gave und Gromen dazu, auf einen schwächeren US-Dollar zu setzen: Investitionen in Schwellenländer, Rohstoffe, Gold, Bitcoin, US-Infrastruktur und ausgewählte Agrarflächen gelten als zukunftsfähig in einer Welt, in der die US-Finanzdominanz nicht mehr selbstverständlich ist.



Louis-Vincent Gave ist der CEO von *Gavekal*, eines Unternehmens mit Sitz in Hongkong, das er vor über zwanzig Jahren zusammen mit Charles Gave und Anatole Kaletsky gegründet hat. Gavekal hat sich zu einem der weltweit führenden unabhängigen Research-Anbieter für institutionelle Anleger in aller Welt entwickelt. Louis hat sieben Bücher geschrieben, das jüngste ist „*Avoiding the Punch: Investing in Uncertain Times*“, in dem es um den Aufbau eines Portfolios in einer Zeit zunehmender geostrategischer Unruhen geht.



Luke Gromen ist der Gründer von *FFTT, LLC* („Forest for the Trees“), einer Research-Boutique, die sich auf makroökonomische Analysen fokussiert. Seine Kunden sind institutionelle Investoren und gehobene Privatkunden. Luke's Vision für FFTT ist, seinen Kunden die Möglichkeit zu bieten, an Chancen zu partizipieren, die sich daraus ergeben, was Kunden und ehemalige Kollegen immer wieder als seine „einzigartige Fähigkeit, das große Ganze zusammenzufügen“ beschreiben.

Die von Ronald Stöferle und Nikolaus Jilch⁴⁵ geführte Diskussion fand am 7. April 2025 und damit nur wenige Tage nach Trumps *Liberation Day* statt.

Die Debatte behandelt u. a. die Frage, ob der US-Dollar in den kommenden Jahren seinen Status als Reservewährung behalten wird. Dabei kommt auch unweigerlich das Thema der Qualität und Attraktivität der auf US-Dollar lautenden Assets zur Sprache. Am Ende geben sowohl Luke Gromen als auch Louis-Vincent Gave Anlageempfehlungen für dieses neue und ungewohnte Anlageumfeld ab.

Diskutiert wurden des Weiteren die Gründe für Trumps protektionistische Politik, mit einem Schwerpunkt auf dem Mar-a-Lago-Akkord. Darüber hinaus überlegen die beiden Analysten, ob sich die Ost-West-Entkopplung beschleunigen wird und welches Land oder welche Region am Ende die Oberhand gewinnen wird.

Im Folgenden veröffentlichen wir die Höhepunkte dieser Debatte.⁴⁶ **Die gesamte Debatte können Sie im englischen Original *hier* lesen. Das Video dieser Debatte finden Sie auf YouTube *hier*.**



⁴⁵ Niko Jilch arbeitet als Finanzjournalist und Podcaster und hat in den vergangenen Jahren zahlreiche Artikel zum In Gold We Trust-Report beigetragen. Sie können seinen Aktivitäten u. a. auf www.nikojilch.com, X und YouTube folgen.

⁴⁶ Nach reiflicher Überlegung haben wir die Entscheidung getroffen, die Debatte im englischen Original zu belassen, denn selbst bei der besten Übersetzung gehen oftmals inhaltliche Feinheiten verloren.

I think it's perfectly normal for the reserve currency of the world to run a current account deficit with other countries. And basically, as we all know, there's just one big deficit, which is US with China. I think the rest are basically peanuts.

The other side, the side I tend to agree with, I hold up the dollar share of global FX reserves overall of just currencies, and it's gone from, call it, 70% share to 50, low 50% share over the last 15 years or so. And if you include gold into that, that market price, the dollar share of global FX reserves is under 50% now.

Just as equity markets have really been horrible this past week, US Treasuries have really done nothing, for all intents and purposes.

Ronnie Stöferle

We are very, very proud supporters and subscribers of both of your services. We deeply value your insights, your forward thinking, analysis on markets, on currencies, on geopolitical shifts, on commodities, on asset allocation. And today we'll examine the state of the US dollar, the future of gold, the evolving impact of Bitcoin, and the broader shifts in the world economy. Basically, no one else on this planet is better equipped to guide us through these really critical themes and topics that we're facing today. So, it's a real pleasure.

Today is April the 7th, 2025. Quite a lot of things happened over the last couple of days. We had the so-called *Liberation Day* – and I'm sure that whenever you will listen to this interview, quite a lot will have happened in the meantime. So, let us start with the big elephant in the room, which is basically the US dollar being the reserve currency of the world. **I think it's perfectly normal for the reserve currency of the world to run a current account deficit with other countries. And basically, as we all know, there's just one big deficit, which is US with China. I think the rest are basically peanuts.**

So, the big question from my point of view, with all those developments over the last couple of days and weeks, is, will the US give up this exorbitant privilege? Will they give up the role of the US dollar as the world reserve currency? And taking a step back and analyzing the big picture, gentlemen, do you think that the US dollar will still be the world reserve currency in five years?

Luke Gromen

I think it depends how you define it, because when I get in these debates or these questions, one side says, *It's still used in 90% of global transactions, it's still dominant*; which is true. Then, **the other side, the side I tend to agree with, I hold up the dollar share of global FX reserves overall of just currencies, and it's gone from, call it, 70% share to 50, low 50% share over the last 15 years or so. And if you include gold into that, that market price, the dollar share of global FX reserves is under 50% now.** So, in terms of usage, if that's how we want to define the debate, I think yes, it absolutely will still be the primary or one of the primary used currencies in the world.

But, at the FX reserve level, I think in five years, the dollar's share is going to be below 50%. And when you add gold in there, I think it's going to be well under 50%, because I think what we are in the early stages of watching is a messy attempt to basically restructure the system in a way that gold runs the deficits, so to speak, instead of the United States. And there's huge executional risk and volatility associated with that.

Louis Gave

I don't disagree with anything that Luke just said, which I know for the purpose of this conversation, I fear that Luke and I agree on a lot more than we disagree on. I just want to add something, going back to your question on the reserve function. For me, one of the more important developments is that if you look at the past four years, you've had four consecutive down years on US Treasuries. **And just as**

equity markets have really been horrible this past week, US Treasuries have really done nothing, for all intents and purposes. I think the TLT is actually down today.

Behind the US dollar was always the US Treasury market. If you had excess dollars, if you were Saudi Arabia, China, Japan, whoever, if you had excess dollars, you bought US Treasuries. And in the past four or five years, that's no longer been the case. You had excess dollars, you didn't want to buy US Treasuries. You didn't want to buy US Treasuries for one of two reasons. Either you were afraid that they would get confiscated, if you're China, Russia, or essentially any non-democracy, or you were just looking at the US following extremely expansionary fiscal policies even in the face of low unemployment. It's like, *Why would I own bonds when you're adding two trillion a year into the supply?*

What's happened in recent years is, instead of owning Treasuries, people abroad who had excess dollars decided, *Forget Treasuries, I'm just going to buy the Mag 7; I can buy Microsoft, I can buy Apple, I can buy Google.* They've got great liquidity. These are trillion, two-, three-trillion-dollar companies. They're actually better than Treasuries because they've got an inflation hedge embedded in them.

But now all of sudden there's a realization, *Hold on, is Mag 7 that great?* They just spent hundreds of billions supposedly on AI, and that's probably going to be a massive write-off. They're about to get taxed, not only by the US administration but by the foreigners as well, as part of this new trade war. So, their margins aren't going to be what I thought they were. For me, that's the shift we're going through right now. To have a reserve currency you need to be backed by an asset that people want to own.

The US makes stuff up. That's the US comparative advantage. They're the best financiers in the world. So, you don't want a Mag 7. Don't worry; we've got something else sexy for you.

Now, you could say it doesn't matter, the US is great at coming up with the next thing. It'll be mortgage bonds, it'll be something. **The US makes stuff up. That's the US comparative advantage. They're the best financiers in the world. So, you don't want a Mag 7. Don't worry; we've got something else sexy for you.** There it is. I don't know what that something else is right now. I think Treasuries are done; I think Mag 7 is done. So, what's the next asset that's going to back up the US dollar? Not convinced.

Niko Jilch

Luke, you said "Gold is going to run the deficit." Could you explain that? Is gold the next asset that's going to back up the dollar? Is this also the reason why we're talking about a Bitcoin reserve right now?

Luke Gromen

When we had this America First Investment Policy memo, February 21st – this is a significant paraphrasing, but it said, China, take your money and go home; we don't want you here anymore.

I think the way Louis framed it was really... it's a great lead into this, because you're seeing for political reasons here, around the Trump administration and what they ran on and their electoral base, the steps taken by the administration, already year to date, have effectively told China, *we don't want your money in the Mag 7 anymore.* **When we had this America First investment policy memo, on February 21st – this is a significant paraphrasing, but it said,**

China, take your money and go home; we don't want you here anymore.

When you look at some of the proposals of the head of the Council of Economic Advisors, Stephen Miran, within that piece that he wrote about the reordering the global trading system, he talked about, and more importantly, this Trump America First Investment Policy memo explicitly discussed, bringing back a tax on Treasuries that China had been exempt from this whole time. So, you're talking about raising the cost of carry on Treasuries. You're talking about raising the cost of carry on foreign capital.

Additionally, curiously, within all of this trade war, there's one thing that didn't get tariffed in all this, and it was gold.

And the political side of it is, *We don't want foreigners buying our companies anymore; we don't want them buying our farmland anymore; we don't want them; they need to buy something else.* **Additionally, curiously, within all of this trade war, there's one thing that didn't get tariffed in all this, and it was gold.** The Trump administration made a point of not tariffing gold. If I just look at it as a straight, relative comparative, I'm going to have cost to carry up significantly, versus what it was on Treasuries, on Mag 7, on stocks. And if I'm China or other US trade creditors, the cost to carry on gold, in that context is nothing.

What I think is being brought back is something that was discussed in the '70s. You can find it in declassified State Department documents with Kissinger and Volcker, where they were having a similar problem.

When I say gold will run the deficits, ultimately, I think what we're going to see is the price of gold... basically, **these flows that went into Treasuries and then stopped, and then went into Mag 7; I think we are in pregame warmup, not even in the first inning of these flows going into gold.** As they do, you're talking about trillions in flows into an asset that's now up to a USD 20trn market cap.

When I say that gold is going to run the deficits, gold is going to be the neutral reserve asset, in my opinion.

But, there's still only new flows of USD 250bn year. **When I say that gold is going to run the deficits, gold is going to be the neutral reserve asset, in my opinion.** The Trump administration appears to be attempting to construct a set of incentives to redirect foreign capital, that first went to Treasuries and then to Mag 7, as Louis noted, into gold going forward.

Ronnie Stöferle

What's currently happening? Basically, it sounds a little bit like the wet dream for every gold bug. I mean, there's Luke now talking to Tucker Carlson about gold and explaining to him what gold means. We've got Scott Bessent saying that he's actually a gold bug. We've got things like an official audit of Fort Knox being discussed.

Louis Gave

Sure. You're right. It does seem to be a wet dream. And yes, when you start to see everything in the general media, then you get indeed to the question that Luke raised: Are we in the warm-up phase? Are we in the fifth inning? Are we in the

At this stage, to get fired up about gold here, you have to make the argument: It's different this time.

If you are a foreigner and you've got a bunch of US dollars and for years these US dollars were either going into US Treasuries or US equities, that was great and that did fine. Then, US Treasuries stopped working and now US equities are not working.

There is no doubt that the overall willingness of people to stay in the US is probably decelerating very, very fast. This is not a political statement; it's just a reality.

ninth inning? I think the challenge today, if you're a gold investor, is the very question we're discussing, and it's whether it's different this time.

Because, if you take a step back, you think gold relative to pretty much every commodity, whether energy, whether copper, whether silver, whether anything, gold today is expensive; gold relative to average hourly earnings in the United States or the price of US real estate. Gold is at the upper band of its historical trading zone against pretty much anything you care to look at. **At this stage, to get fired up about gold here, you have to make the argument: It's different this time.**

So, here it really depends on the global fundamental environment changing. I do fundamentally believe that today, **if you are a foreigner and you've got a bunch of US dollars and for years these US dollars were either going into US Treasuries or US equities, that was great and that did fine. Then, US Treasuries stopped working and now US equities are not working.** Now I'm like, *what do I do with these dollars?*

One option indeed is, *You know what, the world is a really uncertain place; I don't know what I'm going to do; I'm just going to buy gold.* I think that's what people in China have been doing. That's what people across the Middle East have been doing, and in India and lots of places.

There is no doubt that the overall willingness of people to stay in the US is probably decelerating very, very fast. This is not a political statement; it's just a reality. If you're a foreigner and you're looking at the US, you think, *What a dumpster fire, and what am I going to do with all these dollars? Do I still feel comfortable owning stocks in the US that are at the end of the day very expensive relative to stocks anywhere else? Maybe I shift them to gold; maybe I'll move to stocks outside the US; maybe I'll move to real estate outside the US.* There are other alternatives to gold, but gold is up there.

Niko Jilch

Luke, you talked about this discussion in the '70s, with Kissinger. I highly doubt that anybody in the US administration has read any transcript from that time. Do people still understand what gold really is? What role could gold play? Because last time I checked, it was a "tradition". Bernanke called it a tradition.

Luke Gromen

I do think there is still, at a certain level, an understanding of what it is and how it can be used. I do believe that. And I've, in various conversations, gotten certain levels of confirmation or comfort around that.

Louis Gave

Russia was kicked out of the US dollar, the euro, the Swiss franc, etc., obviously its trade with China went through the roof. Essentially, everything that Europe used to export to Russia, be it machine tools, be it cars, tractors, you name it, is now being exported by China.

If they truly believed that by imposing financial sanctions on Russia, they would turn the ruble into rubble and absolutely collapse the Russian economy because, lo and behold, it didn't have access to dollars, then I think they've just been reminded that, actually, if you have gold, you can settle your trade.

To the point of: do people still know what purpose gold serves? A lot of that trade ends up being settled in gold. If they had forgotten, if they hadn't read the Kissinger papers, **if they truly believed that by imposing financial sanctions on Russia, they would turn the ruble into rubble and absolutely collapse the Russian economy because, lo and behold, it didn't have access to dollars, then I think they've just been reminded that, actually, if you have gold, you can settle your trade.** You can buy stuff from abroad.

Ronnie Stöferle

Gentlemen, one major topic has changed over the last couple of days. On Wednesday, when the tariffs were announced, everybody thought we're having some sort of a further recalibration of portfolios, which will move assets out of the US into Europe. But, then I think over the next two days, it basically changed, because markets started to price in a US recession, but to some degree also a global recession.

Back in the day, we always said if the US sneezes, the whole world will catch a cold. Louis, you have got a very, very pronounced view on how less dependent China is on the US anymore. Would you say that we could see a US recession without moving into a global recession? Is that actually possible?

Louis Gave

Well, it depends how bad the recession is in the US, of course. And if it's a fairly shallow recession, then yes, it's absolutely possible. Right now, the US is trying to do, at the same time, fiscal consolidation, which arguably was very necessary. But it's saying, *We're going to do fiscal consolidation, and we're going to massively rearrange our trade relationships*, which, essentially, is saying, *We're going to crush the US consumer.*

Fiscal tightening at the same time as putting the squeeze on the US consumer – that's probably quite a recession.

When you look at it this way, you have to think that's quite a recession. **Fiscal tightening at the same time as putting the squeeze on the US consumer – that's probably quite a recession.** You could say that what's unusual about this one is that it's almost self-inflicted, right? It's a policy choice by the United States to go down this road.

So, if the US really is now saying, We're going to crush the US consumer, we're going to build our own industry – I'm very skeptical of their ability to do it, both politically and just physically of the ability to do it.

So, if the US really is now saying, We're going to crush the US consumer, we're going to build our own industry – I'm very skeptical of their ability to do it, both politically and just physically of the ability to do it. But if that's really the path of policy, then what does that mean if you're a European, Mexican, Chinese industrial and you've spent the past 20 years being used to selling to the US consumer? Now, not only are you going to lose that client, but you're going to gain a competitor. That doesn't seem like a super great recipe for growth, for investment, for risk-taking from the private sector, anywhere in the world.

Ronnie Stöferle

So far so good, one could say, because Treasury yields are down, the US dollar is down big-time, and the price of oil is down, of course.

I would say this detox period that he was referring to, it sounds great, but it's like the heroin addict who also has a cocaine and alcohol problem and a gambling addiction, says, OK, I'll stop it now; I'm becoming an Ironman and I'm becoming a vegan now.

The United States has 120% debt to GDP. The deficit is what it is. It's an economy, as we've shown in our work, that is highly sensitive to stock prices. Stock prices go down, receipts are going to fall.

What I mean by calling their bluff is that the unthinkable is suddenly very thinkable in the United States.

Louis Gave

Are they down that much, though? Are you rushing out to borrow money, now that bond yields have come down like 30–40 basis points?

Ronnie Stöferle

No, no, I agree. **That's kind of cherry picking by Scott Bessent. I would say this detox period that he was referring to, it sounds great, but it's like the heroin addict who also has a cocaine and alcohol problem and a gambling addiction, says, OK, I'll stop it now; I'm becoming an Ironman and I'm becoming a vegan now.** It sounds... not very realistic from my point of view. But the question is, when will the pressure from markets be actually too big? And the pressure on the Federal Reserve – because Trump was very quick putting some pressure on Mr. Powell and Powell said, *Not going to happen.*

Luke Gromen

I think the executional risk is the huge part of the risk, and they're almost between two trapezes, where they're kind of letting go of the trapeze of the old world and flying towards the next one on the come. China was able to do this and they still had, however, many hundreds of billions of dollars a year coming in from, as Louis said, their trade surplus. In that time, it went from USD 200-something billion to a trillion plus. So, you've got capital flowing in throughout that whole process for them. **The United States has 120% debt to GDP. The deficit is what it is. It's an economy, as we've shown in our work, that is highly sensitive to stock prices. Stock prices go down, receipts are going to fall.**

And your interest and interest-like obligations in the United States – that is gross interest expense, plus entitlements, plus Veteran's Affairs – are 108% of all-time high receipts, already as a starting point. And now receipts are going to fall pretty sharply in the next six months, with just what stocks have done.

As we sit here, April 7th, I think we are weeks, at most, maybe days, from the markets basically calling their bluff. **What I mean by calling their bluff is that the unthinkable is suddenly very thinkable in the United States,** which is an emerging market-like sudden-stop crisis. Scott Bessent and Trump have since February 26th knocked the S&P down by about 18%. That's USD 11trn in wealth out of the stock market. And they got 12 basis points since February 26, 12 basis points. I think it's very possible that by the end of this week they will have gotten zero basis points with even more stock declines. And by next week, they will have rates up with even more stock declines. And then what do you do? Does the Fed come in and cap yields?

Something that hit me over the week and I was thinking about: It was, what I'd been very vocal advocating, that there's an order of operations that must be respected, if the US is going to try to restructure in the manner that you highlighted earlier, Louis, which is you've got to devalue the debt first, if you're going to do this. And they didn't.

He is going to beat on those ribs until they submit. The broken ribs in this case are the debt for the US, which is going to feed on itself.

So now, because they didn't, to Louis' point, this is like an MMA fight, where one fighter knows the other fighter has badly broken ribs. What is he going to do? **He is going to beat on those ribs until they submit. The broken ribs in this case are the debt for the US, which is going to feed on itself;** and sort of everybody in the markets knows that.

Ronnie Stöferle

So, if we say that there's this MMA fight, China versus the US, China's strategy would basically be to stand firm, to resist and just wait for Trump's strategy to collapse. And it seems that actually China has a little bit more economic resilience, because they are actually facing more of a deflationary environment, currently. But the US might be facing a stagflationary development. Would you agree with that?

Louis Gave

China's been getting ready for this fight for the past eight years.

I definitely agree. **China's been getting ready for this fight for the past eight years.** That's the truth. When the US said no more semiconductors to China, it was a super-important moment for China. This was when China decided, *Okay, we're at economic war with the US; they've just fired the first salvo; now we get ready.*

The US didn't do this, to Luke's point. Once you told China no more semiconductors, the US should have said, *Let's spend a lot of money building up our own rare earths in Nevada or in Idaho or in Canada.*

Let's take a step back and also look at the leadership that you have in both countries. Xi Jinping is a guy who would have spent five years during the Cultural Revolution digging the earth with his bare hands in order to survive. He would have seen his friends, siblings, etc., literally starved to death. He's gone through a level of hardship that none of us on this call can even begin to understand or comprehend.

Obviously, they're now at each other's throats; and in any kind of negotiation, when you do a business deal or something, the worst setup is always when you think the other guy is weaker than he really is.

But this is where it gets interesting. The Chinese population has been taking pain for the past five years. They've had their real estate prices drop 30%. They've had no wage increases for the past five or six years. They've already taken on some adjustments in a way that the US just hasn't. I think, **obviously, they're now at each other's throats; and in any kind of negotiation, when you do a business deal or something, the worst setup is always when you think the other guy is weaker than he really is.** That's the worst setup, because when you think you have all the cards and you think the other guy is weak, that's not a good setup to get a deal done.

This whole media push of China is weak, it's about to implode, is so far from reality. You go to China today, you feel this is where the future is being built.

For the past five to ten years, all the media in the United States – and I keep writing about this – have kept saying China is about to collapse. It's this house of cards. You flick it and the whole thing is going to implode; it's on the verge of revolution, etc. **This whole media push of China is weak, it's about to implode, is so far from reality. You go to China today, you feel this is where the future is being built.** They've got flying cars; they've got trains that go at 450 km/h; they've got 6G telecoms. Literally, the engineering discoveries are

all happening over there now. But, the perception is that China is about to implode.

Meanwhile, if you go to China, their perception is that the US has zero tolerance for pain. The US is fundamentally just about having a good time. Which I'm not sure is true either. I think the tolerance for pain in the US is actually quite high. The US is fundamentally a warrior nation. All this to say that as I look at it, both sides completely overestimate the other guy's weakness and underestimate the other guy's strength. It's a terrible setup for any kind of compromise.

Niko Jilch

One thing that is completely baffling is that we have the world superpower basically trying to inflict this pain on itself. I would like your diagnosis of what their point of view is. What are they really doing? **Are they trying to basically let the air out of the stock market before it can collapse and then maybe try to collapse the yuan first?** China first? Is that the MMA game that they're playing here?

Luke Gromen

I think so. **I think the levels of pain tolerance in the US are sort of bifurcated, in the same way our society has been bifurcated.** We've got the 1%; we've got everybody else, based on the policies of the last 30, 40, 50 years. And it's interesting that we just had a famous billionaire come out on Thursday and say, *Hey, the best negotiations happen when the other party thinks you're crazy; so, this might work great.* And three days later, that same billionaire is like, *Hey, hey, whoa, maybe we need to pause tariffs for 90 days.* So, his pain tolerance was exactly 72 hours. You come out to flyover country and...

Louis Gave

I think you mean 10% on the S&P, more than three days. The pain tolerance was 10% on the S&P.

Luke Gromen

I thought it was a very under-reported story a few weeks ago: Walmart went to China. And our media in the West reported that Walmart was dressed down. To Louis' point, the world changed. Walmart went over there and was basically told, **bug off; you eat the tariff, or you pass it on to your consumers. That was not how this was supposed to go.**

There is no business out there that's sourcing from China that can take a 104% hit to their margins, without massive layoffs, etc. So, if I'm China... people are saying right now, *We're going to push China; they're going to devalue; we're going to force them to devalue and then they'll break.* **If I'm China, I'm not devaluing anything. I'm going to sit here and I'm going to let them swing.**

Are they trying to basically let the air out of the stock market before it can collapse and then maybe try to collapse the yuan first?

I think the levels of pain tolerance in the US are sort of bifurcated, in the same way our society has been bifurcated.

You eat the tariff, or you pass it on to your consumers. That was not how this was supposed to go.

If I'm China, I'm not devaluing anything. I'm going to sit here and I'm going to let them swing.

You know the old story of Napoleon saying to his officers, when the enemy makes a mistake, you don't interrupt them.

In the Marxist church, your catechism is that big shifts in history – revolutions, riots, etc. – occur, not because of individuals or ideas, but because of economic forces. And there is no more powerful economic force than inflation.

They're doing the tariffs and the US dollar, instead of going up, is going down. Which means that the inflationary impact of the tariffs will actually be double, because you're going to take the devaluation and you're going to take the tariffs.

The protests, the riots are going to start in the bond market, but that's not where they're going to stop. It's just where we're seeing it first.

What they're trying to orchestrate is pretty naïve, because they think they can fine-tune, not only the US economy but the global economy like a thermostat.

Louis Gave

You know the old story of Napoleon saying to his officers, when the enemy makes a mistake, you don't interrupt them. So, if you're China today, devaluing the renminbi would be, essentially, helping out the US that's going to be dealing with an inflationary head. I don't think the renminbi is going to devalue. They're going to see how the US wears the pain.

The reality, when you look at the Chinese leadership, they might not look and feel communist, but they were brought up in the Marxist church. **In the Marxist church, your catechism is that big shifts in history – revolutions, riots, etc. – occur, not because of individuals or ideas, but because of economic forces. And there is no more powerful economic force than inflation.** This is why the Chinese leadership are so paranoid about inflation at home. As soon as inflation steps up, they step on the brakes.

Going back to the point that Luke made, if you listen to Scott Bessent and Donald Trump and to JD Vance three months ago, the narrative was, *We're going to do 20% tariffs and half of that will be paid for by the rising US dollar anyway.* The US dollar is going to go up on the back of the tariffs and, so, the hit to the consumer will be very little. Meanwhile, the government will make more money.

They're doing the tariffs and the US dollar, instead of going up, is going down. Which means that the inflationary impact of the tariffs will actually be double, because you're going to take the devaluation and you're going to take the tariffs. That's why the bond market is not rallying even though equities are down 18-20%.

If we'd all gotten together a month ago and Ronnie, you would have told me, *Louis, I can guarantee you, hand on heart, stocks are down 20% over the next month, I would have said, Well, just load up on US Treasuries; you'll do great.* Nothing.

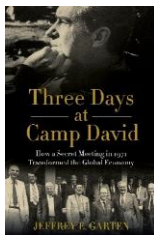
Luke Gromen

Nothing. To your point about where inflation drives unrest, I think that where we're seeing the unrest first in the US is in the bond market. Again, because they didn't devalue the debt first, they left broken ribs, not just exposed but basically just standing there with their hands up over their heads saying, *Hit me.* **The protests, the riots are going to start in the bond market, but that's not where they're going to stop. It's just where we're seeing it first.**

Ronnie Stöferle

Listening to Trump sometimes reminds me of this Tolstoy quote: *Because of the self-confidence with which he had spoken, no one could tell whether what he said was very clever or very stupid.* Sometimes I'm really confused with reading this stuff that Stephen Miran wrote, which is very, very interesting. Then listening to Scott Bessent, who's obviously a markets guy. Then, also listening to JD Vance, who made some very important points, actually, and the Europeans were, I think, quite annoyed to hear those inconvenient truths. But then at some point, I also think **what they're trying to orchestrate is pretty naïve, because they**

We closed the gold window on Sunday, August 15th, 1971. I think we just closed the dollar window on Wednesday, April 4th.



The alternative method, which is really kind of scary is, Worst case, if no one will play ball, then we'll just burn down the whole thing.

If that still doesn't work to start to scare people out of American assets into gold, to start really devaluing the dollar, fine; then maybe American banks will start to fail.

think they can fine-tune, not only the US economy but the global economy like a thermostat. It's a little bit more complex, I would say.

Luke Gromen

I don't think that's going to happen. I don't think there's going to be *the* sit-down. I would make the argument that the tariffs may have been the Mar-a-Lago Accord. Unilateral. In other words, I am increasingly coming around to the view that what happened on Wednesday was the Nixon Sunday night surprise. **We closed the gold window on Sunday, August 15th, 1971. I think we just closed the dollar window on Wednesday, April 4th.**

Ronnie Stöferle

Luke, may I just jump in? Did you read the book *Three Days at Camp David*? I loved it. People always think there was a big plan behind it, very structured. But actually, Nixon kind of made that up within a very short time. It basically confirms that many of the things that are happening, those things are actually not really planned.

Would you say that, with the tariff announcement, there's probably also not really a big plan behind it? They just said, *Okay, let's give it a try.*

Luke Gromen

I think there's one of two things. There is either a plan to try to sort of force people into it with tariffs – that is the preferred method. **The alternative method, which is really kind of scary is, Worst case, if no one will play ball, then we'll just burn down the whole thing; we'll start with this, markets will crash, people will look for a bailout, the Europeans will want swap lines.**

If that still doesn't work to start to scare people out of American assets into gold, to start really devaluing the dollar, fine; then, maybe American banks will start to fail. And when they start to fail, no bailouts for anybody over USD 250,000 deposit insurance. *You got over 250, it's gone. If that doesn't do it, then we'll just keep doing it until the world understands that we don't want this system.* Do I think it's the right thing to do? Do I think it's likely? It's not my base case.

However, if you would have asked me three months ago, what are the odds the United States would stand aside and let the Treasury market dysfunction and maybe even up to and including a Treasury auction failure to achieve the longer-term goal of basically shifting capital out of the US to significantly weaken the dollar, to try to achieve what they see as the end state, I would say there's zero chance of that. And I think it's still a tail risk. But I don't think it's a 0% risk for these types of extreme outcomes anymore.

Louis Gave

I'll jump in as well. **I was a big proponent of the Mar-a-Lago Accord. I was a big believer in it. I wrote pieces. One of the reasons I was a big believer in it was that Scott Bessent himself kept talking about it.** And I thought, here's the narrative.

If it's the US that ends up being isolated, then I think the Treasury market melts down. If it's China that ends up being isolated, obviously it's terrible news for Chinese equities, but they're cheap anyway.

Bessent goes out and says the US dollar is going to stay as the reserve currency of the world and we're going to use stablecoins to do it.

Initially, all this made a lot of sense to me, and since then it's kind of devolving a bit, because you've got Bessent saying, We're going to keep the dollar reserve currency through this, and the world is going to move into dollar-based stablecoins.

That was the goal. And I think that the process has now thrown them way off course. Because of the whole *Let's blanket tariffs on everybody and their penguin, let's rub Xi Jinping's nose in it*. Then, you leave him no options. I think that was the goal, but the process of how it was managed means that now it's not going to happen.

For me, the big question out of this, is it the US that ends up being isolated or is it China that ends up being isolated? That's the big question mark. **If it's the US that ends up being isolated, then I think the Treasury market melts down. If it's China that ends up being isolated, obviously it's terrible news for Chinese equities, but they're cheap anyway.** And I think the government will probably intervene at some point to just buy the market and crank it back up, because it's cheap enough and they can do it.

Niko Jilch

Luke talked about the ECB. We both love the ECB. The ECB is scared of stablecoins. They talk about the digital euro every day. **Bessent goes out and says the US dollar is going to stay the reserve currency of the world and we're going to use stablecoins to do it.** Are they really going to do that? Are we going to go "free banking" on crypto and anybody who wants can print some dollars and buy some Treasuries? And that's the way forward? Or is that just some other side show that gets blown out of proportion?

Luke Gromen

You know, this is another one where in November, even in the third quarter of last year, into November, it seemed to be really, sort of, a credible way to find balance sheet capacity to manage the Treasury market through stablecoins. If we grow the size of crypto, we grow the size of the stablecoin market and we grow this as a Bitcoin, really. Bitcoin goes up, stablecoin market goes up. Stablecoins: We regulate to buy in T-bills.

So, **initially, all this made a lot of sense to me, and since then it's kind of devolving a bit, because you've got Bessent saying, We're going to keep the dollar reserve currency through this, and the world is going to move into dollar-based stablecoins.** But the only way that's going to happen is if the US keeps running deficits to get dollars elsewhere, I would think. So, that doesn't make sense to me in terms of there being a real growth in stablecoins, dollar stablecoins, with which to flow back into Treasuries.

Ronnie Stöferle

Kierkegaard said that *Life can only be understood backwards, but it has to be lived forwards*. So let's say we've got Marty McFly. We've got this DeLorean in *Back to the Future*. Let's say it's now April 7th, 2030, and we're basically peering back in time through our DeLorean windshield. With the knowledge from the future, what would you have bought on April 7th, 2025, and why? And then would you say, in hindsight, that this Liberation Day was actually just a short-term blip, or was it really something that will go down in history books?

I think a lot of what the Trump administration has done in the past three months since coming in has been a game changer. Trump is signaling that the age of US empire is over.

If you're Thailand today, if you're Malaysia, if you're Indonesia; even, frankly, if you're Japan or Korea and you see this US folding back, you're like, Maybe I don't want to piss off China.

I can buy one millionth of a Bitcoin; I cannot buy one millionth of a farm in Argentina.

Louis Gave

I think it's a game changer, actually. But, **I think a lot of what the Trump administration has done in the past three months since coming in have been a game changer. Trump is signaling that the age of US empire is over.** He's saying, *We're moving back into our own borders; we're going to build Fortress America. [Maybe you can call it Fort Monroe.] Greenland, Canada, come inside. We'll get the Panama Canal back. But essentially, these are now our borders. It's the Western Hemisphere.*

The US is folding back into its own borders, which is why, I think, in this whole question we're having, is it going to be China that's isolated or the US that's going to be isolated? **If you're Thailand today, if you're Malaysia, if you're Indonesia; even, frankly, if you're Japan or Korea and you see this US folding back, you're like, Maybe I don't want to piss off China.** *As the US falls back, I may want to be close to China.*

Bottom line for me is when I look at this, the more obvious trend for the coming years is a weaker US dollar. And then from there, what do you buy when the US dollar goes down? I think today you buy the EMs, you buy EM banks, you buy commodities, you buy all the things that, historically, do well when the US dollar goes down. You can build a diversified portfolio between a lot of these asset classes.

Luke Gromen

I would obviously add gold and Bitcoin to those things. And then, something I've been harping on, US electrical infrastructure and things that touch it. We are so behind; there is so much investment to be done. So, I think the US domestic electrical infrastructure industry; and I'd be looking at different, sort of, higher-end US agricultural properties, at some point.

Ronnie Stöferle

Thank you very much. Niko, for you it's probably Bitcoin.

Niko Jilch

I said it's either going to be Bitcoin, or if I could afford it, a farm in Argentina. But **I can buy one millionth of a Bitcoin; I cannot buy one millionth of a farm in Argentina.** So, I'm going to go with Bitcoin.

Ronnie Stöferle

Gentlemen, thank you very, very much for taking the time. It's been a true pleasure.

Das war ein Auszug der Debatte zwischen Louis-Vincent Gave und Luke Gromen. Das vollständige Transkript dieser Diskussion finden Sie unter [diesem Link](#). Das Video dieser Debatte ist [hier](#) abrufbar.

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