Dollar Hegemony in the Empire of the Damned

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Many commentators and economists wonder if the US is able to turn its ailing economy around. The reality is that it is bankrupt. However, as long as the dollar remains the world currency, the US can continue to pay its bills by simply printing more money. But once the world no longer accepts the dollar as world reserve currency, the US will no longer be able to continue to pay its way or to fund its wars by relying on what would then be a relatively valueless paper currency.

And the US realises this. Today, more than 60 per cent of all foreign currency reserves in the world are in US dollars, and the US will attempt to prevent countries moving off the dollar by any means possible. It seems compelled to do this simply because its economic infrastructure seems too weak and US corporate cartels will do anything to prevent policies that eat into their profits or serve to curtail political influence. They serve their own interests, not any notional 'national interest'.

Pail Graig Roberts, former Assistant Secretary of the US Treasury, notes that much of the most productive part of the US economy has been moved offshore in order to increase corporate profits. By doing so, the US has lost critical supply chains, industrial infrastructure, and the knowledge of skilled workers. According to Roberts, the US could bring its corporations back to America by taxing their profits abroad and could also resort to protective tariffs, but such moves would be contrary to the material interests of the ruling oligarchy of private interests, which hold so much sway over US politics.

So, with no solution to the crisis in site, the US is compelled to expand its predatory capitalism into foreign markets such as India and to wage imperialist wars to maintain global allegiance to the dollar and US hegemony. And this is exactly what we are seeing today as the US strategy for global supremacy is played out.

Over the past two decades, the US has extended its influence throughout Eastern Europe, many of the former Soviet states in central Asia and, among other places, in the former Yugoslavia, Libya, Iraq, Yemen, Afghanistan, Syria and Pakistan. But with each passing year and each new conflict, the US has been drawing closer and closer to direct confrontation with Russia and China, particularly as it enters their backyards in Asia and as China continues to emerge as a serious global power.

Both countries are holding firm over Syria. Syria plays host to Russia's only naval base outside of the former USSR, and Russia and China know that if the US and its proxies topple the Assad government, Tehran becomes a much easier proposition. Ideally, the US would like to install compliant regimes in Moscow and Beijing and exploiting political and ethnic divisions in the border regions of Russia and China would be that much easier if Iran fell to US interests.

A global US strategy is already in force to undermine China's growth and influence, part of which was the main reason for setting up AFRICOM: US Africa Command with responsibility for military operations and relations across Africa. But China is not without influence, and its actions are serving to weaken the hegemony of the US dollar, thereby striking at a key nerve of US power.

China has been implementing bilateral trade agreements with a number of countries, whereby trade is no longer conducted in dollars, but in local currencies. Over the past few years,China and other emerging powers such as Russia have been making agreements to move away from the US dollar in international trade. The BRICS (Brazil, Russia, India, China,South Africa) also plan to start using their own currencies when trading with each other. Russia and China have been using their own national currencies when trading with eachother for more than a year.

A report from Africa's largest bank, Standard Bank, recently stated:

> "We *expect at least $100 billion (about R768 billion) in Sino-African trade – more than the total bilateral trade between China and Africa in 2010 – to be settled in the renminbi by 2015."*

Under Saddam, Iraq was not using the dollar as the base currency for oil transactions, neither is Iran right now. Even Libya's Muammar Gadhaffi was talking about using a gold backed dinar as the reserve currency for parts of Africa. Look what happened to Libya and Iraq as a result.

In 2000, Iraq converted all its oil transactions to euros. When U.S. invaded Iraq in 2003, it returned oil sales from the euro to the dollar. Little surprise then that we are currently watching the US attempt to remove the Iranian regime via sanctions, destabilization, intimidation and the threat of all out war.

In the meantime, though, Iran is looking east to China, Pakistan and central Asia in order to counteract the effects of US sanctions and develop its economy and boost trade. In order to sustain its empire, US aggression is effectively pushing the world into different camps and a new cold war that could well turn into a nuclear conflict given that Russia, China and Pakistan all have nuclear weapons.

The US economy appears to be in terminal decline. The only way to prop it up is by lop-sided trade agreements or by waging war to secure additional markets and resources and to ensure the dollar remains the world reserve currency. Humankind is currently facing a number of serious problems. But, arguably, an empire in decline armed to the teeth with both conventional and nuclear weapons and trapped in a cycle of endless war in what must surely be a futile attempt to stave off ruin is the most serious issue of all.

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