The World Is Changing, But Is Washington Finally Noticing?

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Recent statements by two Biden administration officials hint that the United States is finally noticing that the world around them is changing.

On April 11, CIA Director William Burns spoke at Rice University's Baker Institute for Public Policy. In a somewhat stunning statement that has, perhaps, not been so clearly and publicly articulated before, Burns said that we are in one of "those times of transition that come along a couple of times a century. Today the United States still has a better hand to play than any of our rivals, but it is no longer the only big kid on the geopolitical bloc. And our position at the head of the table isn't guaranteed."

Burns's classifying the transition that is now taking place as a "transition that come along a couple of times a century" echoes Chinese President Xi Jinping's comment to Russian President Vladimir Putin last month that, "Together, we should push forward these changes that have not happened for 100 years" and recognizes the significance of the tectonic geopolitical shift that is occurring. The unipolar world is extinct and has been replaced by an evolving multipolar world in which the United States "is no longer the only big kid on the geopolitical bloc." China's diplomatic role in brokering an agreement between Saudi Arabia and Iran demonstrated America's "position at the head of the table isn't guaranteed."

The ever strengthening partnership between Russia and China has tilted the weight of the world toward a multipolar one. In March, Xi visited Putin in Moscow where they not only "reaffirm[ed] the special nature of the Russia-China partnership," but "signed a statement on deepening the strategic partnership and bilateral ties which are entering a new era."

But the Sino-Russian relationship in the new multipolar world isn't just bilateral. Countries are lining up to join Chinese and Russian-led multipolar organizations like BRICS and the Shanghai Cooperation Organization. From the call for multipolarity among the many African nations attending the Russia-Africa in a Multipolar World conference in Moscow in March, to

Saudi Arabia's assertion that "We do not believe in polarization or selecting between one partner and another," to India's continued diplomatic and economic cooperation with Russia and China, to Brazil's promise to uphold and strengthen multilateralism, to France's surprising call for Europe to become a "third pole," countries around the world are leaving the U.S.-led unipolar world for neutrality in a multipolar world.

One of the mechanisms for multipolarity is emancipation from the monopoly of the U.S. dollar. Most international trade is conducted in dollars, and most foreign exchange reserves are held in dollars. As the United States has recently demonstrated in Cuba, Venezuela, Iran, and Russia, the position of the dollar allows it to be very powerfully and quickly weaponized.

Sanctions have not only accelerated the evolution of the multipolar world by creating a community of sanctioned countries that turn to each other, forming a second pole, but they have also weakened the U.S.-led unipolar world by weakening willingness to depend on the dollar.

In the second stunning statement by a U.S. official, Treasury Secretary Janet Yellen said on April 16,

> "There is a risk when we use financial sanctions that are linked to the role of the dollar that over time it could undermine the hegemony of the dollar." She explained, "Of course, it does create a desire on the part of China, of Russia, of Iran to find an alternative."

And find an alternative they have. Yellen's statement suggests that the United States is beginning to recognize that escaping the monopoly of the U.S. dollar is gaining momentum as a mechanism for ending, not only the "hegemony of the dollar," but of the United States itself.

Recent demonstrations of the American ability to cut off countries that challenge it has awoken opposition. Several countries and regions, including Russia, China, India, Iran, Brazil, Saudi Arabia, France, Latin America, BRICS, and the Eurasian Economic Union, have all expressed interest in and even made moves towards partially escaping the U.S. dollar.

Russia and China are now conducting 65% of their trade in their own currencies. China and Brazil are now conducting bilateral trade in their own currencies, as are China and Pakistan. Iran and Russia are now settling trade in rials and rubles instead of dollars and recently announced that they have circumvented the U.S. financial system by linking their banking systems as an alternative to SWIFT for trading with each other. Saudi Arabia has said that it sees "no issues" in trading oil in currencies other than the U.S. dollar. The Eurasian Economic Union has agreed on "a phased transition" from settling trade in "foreign currency" to "settlements in rubles." Robert Rabil, Professor of political science at Florida Atlantic University, says that the United Arab Emirates, Egypt, and Israel have all made some movement away from the U.S. dollar.

Brazil has raised the idea of a Latin American currency. And Brazilian President Lula da Silva recently asked, "Why should every country have to be tied to the dollar for trade? Who decided the dollar would be the [world's] currency?" "Why," he suggested, "can't a bank like the BRICS bank have a currency to finance trade between…BRICS countries?" BRICS and the SCO are both considering abandoning the dollar in favor of trade in the currencies of member states.

While American activity suggests a foreign policy that drives on, unaware of the new terrain its entered, the recent statements by Burns and Yellen suggest that at least some in the Biden administration are beginning to notice that the world is changing. U.S. hegemony, its "position at the head of the table," is no longer "guaranteed."

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