



Ukraine, World Power and Imperialism

Roger van Zwanenberg

To cite this article: Roger van Zwanenberg (2023): Ukraine, World Power and Imperialism, International Critical Thought, DOI: [10.1080/21598282.2023.2163364](https://doi.org/10.1080/21598282.2023.2163364)

To link to this article: <https://doi.org/10.1080/21598282.2023.2163364>



Published online: 13 Jan 2023.



Submit your article to this journal [↗](#)



Article views: 235



View related articles [↗](#)



View Crossmark data [↗](#)

RESEARCH ARTICLE



Ukraine, World Power and Imperialism

Roger van Zwanenberg

Pluto Educational Trust, and Pluto Journals Ltd., London, UK

ABSTRACT

At the heart of this conflict of Ukraine war is the American threat to break Russia into multiple states; alongside the Russian threat to create a new global trading currency with China as equal partners. These two contrary themes find themselves in mortal conflict in the land of Ukraine. The argument is that this bigger picture of this war explains why both sides are likely to fight to the end. Neither think that they can concede.

ARTICLE HISTORY

Received 6 September 2022
Revised 7 October 2022
Accepted 14 October 2022

KEYWORDS

World power; Ukraine;
imperialism; Russia; US dollar

Introduction

This article on world power and imperialism¹ asks a pivotal question: how best can we understand the war in Ukraine? One way we can make sense of everything is by examining the big picture. The war is the latest example of the struggle for global supremacy. From the USA's point of view, American primacy on the world stage has been deeply threatened by the China/Russia alliance. To explore this, I use Zbigniew Brzezinski's² notion of US geostrategic imperatives; namely, the need to control Eurasia. The war is the means through which Russia can be defeated and broken up into several smaller manageable states—at least from the USA's perspective. In this article, I explain why Eurasia is so vital to the USA, and how Ukraine is a pivotal state in this mix. Russia, on the other side, is aware of the intentions of the USA. Her future existence is threatened as the USA's goal is to finalise the defeat of the Soviet Union by breaking up Russia into smaller mini-states as when the Soviet Union failed in 1989/1990.

The struggle for Ukraine is therefore at the very heart of the global system of power. For Russia, first and foremost it is a struggle for survival, second, it is to remain politically and economically independent.

The second part of this article examines the imperial struggle to maintain control of the US dollar exchange rate system. American global ascendancy has been and remains dependent on commanding control of the dollar system of international exchange. The China/Russia accord and willingness to trade globally in Yuan and Roubles threaten the heart of American world power. The sanctions imposed from the outset of the war were intended to weaken and destroy the Russian economy. Now it is clear that this policy has not worked and may rebound in Europe and the USA as global prices of oil and gas skyrocket.

This article explains and corroborates these facts to show why neither side can afford to lose.

Imperialism in 2022

How best to understand the war in Ukraine? The article assumes that the war in Ukraine is the starting phase of a new struggle for world supremacy. This assumption makes more sense from the viewpoint of past parallel struggles. The French wars from 1793 to 1815 ended up with Britain as the leading global nation at that time. The world wars from 1914 to 1945 were the second period where the underlying motive of the major powers was world supremacy. Despite many historical writings which have attempted to argue differently, the two agreements which finished the 1914–1918 war at Versailles and 1939–1945 at Bretton Woods ought to leave no doubt in anyone's minds as to the aims of the major powers. Both agreements were dominated by the winners and set out the terms for their control of the world at that moment in history. The Cold War from 1948 to 1989 is another global struggle that can be understood similarly. Many people hoped that this final struggle would end in global peace. The USA had the option to help Russia rebuild itself, or to break up the outlying portions of the Soviet Union into new smaller states. The USA took this latter option. Thirty years on, events have shown that the expectations for global peace in 1989 were grossly optimistic. In this article, I argue that the Ukrainian war is the beginning of a new global struggle which will involve everybody for some years to come.

World power is not a subject of day-to-day discussion as in reality it appears to affect so few of us directly. But to those who use world power, it is an aphrodisiac. As Martin Kettle pointed out recently, “Power is a drug . . . Having to give up power is painful and humiliating . . . the pain of the loss of power is something that all leaders feel” (Kettle 2022). These few insightful words apply especially to world power, where Britain for instance has never come to terms with her loss of world power despite the passing of nearly 80 years.

For the present moment, the leaders of the USA possess world power. Even though they are hugely well-armed, and they control the world's trading currency, the US dollar, the leaders in Washington DC face a deadly threat from the China/Russia alliance. This threat to their world power is little discussed in the Western media. While members of the Eurasian alliance can claim in all honesty that their coming together threatens no one; this position is naïve, as the alliance threatens world power as understood by the US leadership as I will explain in part two. US sanctions against Russia and the overt engagement of trade war with China, plus the recent provocations around China's Taiwan are all indications that the USA sees itself preparing for violent war. From the American point of view the threat of the Eurasian alliance is so deadly to American world dominance that the USA is willing to challenge both Russia and China in Ukraine and now in China's Taiwan. To the USA, this threat is sufficiently real to go to the brink of global war. The Ukraine war is the first major move in the global game of chess to maintain world dominance by whatever means the USA can bring to bear.

World power is the key component of the old-fashioned concept of imperialism. The character and nature of world power have changed with time and technology. In the days of Napoleon, world power was about sailing ship technology before the start of the

industrial revolution. The characteristics of world power and the ability of humans to kill each other during the wars between 1914 and 1945 altered totally. Today, imperialism and the nature of world power have changed beyond anyone's dreams 100 years earlier. Digital technology transformed everything, from communications to firepower and the movements of money. Despite these changes, the key components of global ascendancy have remained: control of people, territory, weapons, and money. The first part of this article will deal with weapons and territorial control, often termed "geopolitics." In the second part of this article, I deal with money. The state that dominates the world stage must not only control national policies and territory with superior firepower, but they must also control national and global money flows.

Geopolitics, Geo-economics, and the Ukrainian War in 2022

As the world watches the ongoing war in Ukraine, it is important to see the bigger picture of history and geopolitics and to distinguish reality from the haze of propaganda which fills the airwaves.

The war in Ukraine is important for everybody on this planet. For America and Russia, it is an existential war, neither can afford to lose or even negotiate peace. For Ukraine, it is a matter of life and death, quite obviously. For Europe and especially Germany, it may be the end of economic growth at least for some time for some countries. The outcome may be even worse, especially for the poorest peoples. For large parts of the Global South, which includes large parts of Asia, the countries of the Middle East and perhaps wider, the consequences of the war could be bankrupt nation states or worse as is already the case in Sri Lanka. For some, like China and India it could lead to rapid development. And in China's case, it has led to further conflict with the USA and their vassal states. Nobody on this planet will be unaffected by this war.

To understand the bigger picture, I start by using Zbigniew Brzezinski's excellent work *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (Brzezinski 1997). The author remains one of the great and influential American analysts of our era who looked to see the broad picture of world politics with a view of American global domination. His work is in a breath of fresh air, in that it is relatively free of ideology; Brzezinski never hides his stated goals; to provide an analysis of how the USA can control other states' national policies, worldwide, in order to create what he calls "American Primacy." To the rest of us American Primacy is American political domination; I provide a summary of his approach below.

I have also been influenced by articles from several contemporary writers and organisations who see a part of the picture unfolding every day. These include work from both sides of the divide, the Commission on Security and Cooperation in Europe, regarding decolonizing Russia, crucial commentaries from alternative media, a few names include Casey Michel, Marco D'Eramo on Germany, Noam Chomsky the veteran analyst, Richard Falk, and a range of other writers with important insights not available from the daily media (Bowes 2022; Negri and Guilhot 2022; Parker 2022; van Zwanenberg 2022; McCoy 2022; Hudson 2022; Davies and Benjamin 2022; Ottenberg 2022; Norton 2022).

I have also relied on my own work for the history of Great Power rivalry which can be traced from the struggles in Europe from 1750s to 1815; again between 1914 to 1945, the

so-called Cold War from 1948 to 1991 and now again in our own age. The articles I am referring to came out weekly as blogs under the generic heading “Wealth and Power: Global Transformation and Destruction 1492 to 2020.” These blogs provide a global view of history and development in our world today and provide an essential background to the events referred to in this article.

The Historical Significance of the War in Ukraine

The war in Ukraine has thrown up a situation unlike any since 1945. The war has split the world into two, with the USA and the whole of Europe on one side, Russia with China as a close ally and the rest of the world on the other (Short 2022). While the USA has been at war with some country year on year ever since they took on the mantle as the world’s leading power in 1944, the war in Ukraine is of special significance. Neither of the two combatants, Russia and the USA, can afford to lose this war. The USA cannot afford to see Ukraine lose this war if they wish to maintain their position as the leading global power. Equally, Russia too cannot afford to lose this war if she wishes to maintain her position on the world stage as a major world power. Moreover, if Russia should lose, the USA intends to see that her present territory is broken up into many relatively small statelets. We can expect therefore a long and drawn-out destructive war until one side or the other is exhausted.

There is a long history of the breakup of empires by dominant states over the last 200 years that is relevant to draw on here.³ First, came the breakup of the African continent in 1884 into small states for the convenience of the invading colonial powers. There was no regard for any social or political criteria except who could grab the most. Second, China would have been broken up into smaller states shortly afterwards. Maps were drawn up in 1900 that illustrated which geographical areas of China were to be taken by different imperial powers. The same lack of social or political criteria would have sufficed, as each imperial power would have taken those parts of China that they argued they controlled. However, the 1914–1918 war got in the way. And after 1918, the imperial powers had other major issues to handle.

Then after 1918, with the breakup of the Ottoman Empire, Mesopotamia was divided up between France and Britain with little regard for any criteria except what both states wished for. On the other hand, the breakup of the Austro-Hungarian Empire after 1918 was determined by culture and language groupings which we now describe as nationalism. The American empire’s present desire to break up Russia into smaller controllable entities will be legitimised by similar nationalistic and linguistic criteria.

Eurasia, Ukraine, and the Rise of China: Why the USA Cannot Afford to Lose the War in Ukraine?

The rise of China as a competing world power against the USA has crept up on the USA year on year for the last 40 years. Now with China’s alliance with Russia, the USA’s dominance globally is vitally threatened. Brzezinski was very clear about this danger.

Brzezinski’s *The Grand Chessboard* begins with Harold Mackinder’s 1904 (Mackinder [1904] 2022) thesis, also adopted at the time by Karl Haushofer in Germany. This thesis is also known as the “heartland concept” which was created by Mackinder who argued that

whoever commands the “heartland” will rule the world. Mackinder’s concept of the heartland was what he terms “Eurasia,” that part of the world between Germany in the West to China in the East of Asia. Mackinder was writing over 100 years ago. In 1997, Brzezinski updated Mackinder’s theory to illustrate why the heartland theory was still relevant and why controlling Eurasia was so vital for the world’s leading power, the USA. This understanding is central to understanding the conflict between the USA and Russia in the present day.

Brzezinski identifies the key players for world dominance, arguing that there were at least five geostrategic players where the USA needed to maintain its dominance: France, Germany, Russia, China, and India. Alongside these power players, there were five geopolitical “pivots,” of which Ukraine was of greatest significance. Brzezinski defines a pivotal territory as “states whose importance is not derived from their power and motivation but rather from their sensitive geographical location and from the consequence of their vulnerable condition for the behaviour of geostrategic players” (Brzezinski 1997, 41). Brzezinski goes on to argue that the USA needed to formulate policies to co-opt and control these states. It is worth noting that he did not consider Great Britain “a major player geostrategic ally on the world stage anymore” and he suggested “junking the last vestiges of the once hallowed US-UK special relationship” (42–43).

Brzezinski saw Ukraine—remember he was writing in 1995–1996—“a new and important space on the European chessboard” (Brzezinski 1997, 46). He argues that Ukraine should be thought of as a geopolitical pivot because its existence as an independent country helps to transform Russia. As he argues, without Ukraine, “Russia ceases to be a Eurasian empire” (Brzezinski 1997, 46).

Here we have the crux of the argument as to why Ukraine is so vitally important to US global policy and why Ukraine is equally vital for Russia. As Brzezinski explains this:

if Moscow retains control over Ukraine with its 52 million people and major resources . . . Russia automatically retains the wherewithal to become a powerful imperial state spanning Europe and Asia. Ukraine’s loss of independence would have immediate consequences for Central Europe, transforming Poland into the geopolitical pivot on the Eastern frontier of a united Europe. (Brzezinski 1997, 121)

An editorial in the Journal *Monthly Review* in 2022 also neatly summarised this complex scenario:

In order for the Atlantic Alliance under U.S. leadership to dominate Eurasia, it was first necessary for it to gain primacy over what Brzezinski called “the black hole” left by the Soviet Union’s departure from the world stage. This meant seeking to diminish Russia to the point that it could no longer claim great power status. The key “geopolitical pivot” on which this turned, Brzezinski insisted, was Ukraine. Minus Ukraine, Russia was irrevocably weakened, while a Ukraine that was incorporated as part of NATO would be a dagger at Moscow’s heart. Yet, any attempt to turn Ukraine against Russia, he warned, would be seen as a major security threat, a red line, by Russia itself. This then required the “enlargement of NATO,” extending it all the way to Ukraine, shifting strategic weapons to the east . . . (Editors of *Monthly Review* 2022)

Brzezinski was writing nearly a quarter of a century ago, and although many of his arguments apply today, the situation has changed significantly since Russia invaded Ukraine. Many liberally minded Europeans understand Ukraine as an independent nation-state with a right to make her own decisions. In an ideal world, this may be the

case, however, due to Ukraine's geographical position between two opposed nations or groups of nations this troubles this perspective. It is important to also understand the dynamics from the perspectives of both sides.

*Why Did Russia Invade Ukraine?*⁴

The Russian invasion of Ukraine has been presented on all Western media as an unwarranted act of international vandalism. Putin has been described as unhinged emotionally, with a wish to recreate the old Russian empire of the Romanov's. As a consequence, all the Scandinavian leaders not already a member of NATO almost immediately agreed to join up. All the states of Europe, including the European Union joined together in condemnation of the Russian invasion. It was as if the policies emanating from the USA were considered as if they were sane and sensible. The propaganda which asserted that, *Ukraine was an Independent State and had been invaded by a madman* was widely accepted as the simple truth. As propaganda goes, it was brilliant in its simplicity.

Yet no body examined what Russia was asking for before the invasion began, nor the recent history of Ukraine, still less the reasons why Russia felt sufficiently threatened to go to war.⁵ If we start to think how Russia in particular saw the world from Moscow, a different picture arises.

Any Russian adult alive in the Soviet period would have known that the USA had established military bases through NATO and through their own efforts. The USSR was intentionally surrounded. Today is no different as NATO moved ahead and incorporated Poland, the Czech Republic and Hungary in 1998. Russia was being surrounded again. Even George Kennan (among many others) —the intellectual father of the US containment policy during the Cold War described NATO expansion as “a tragic mistake” (Carpenter 2022).

NATO is portrayed as a defensive military organisation. Yet today the 800 US military bases surround both China and Russia. This fact has been shown again and again by radical analysts but is not something of general knowledge.⁶

Before the Ukraine war began Putin and Lavrov travelled across the world to demand that Ukraine remained free of NATO. Such a demand was entirely rational from Moscow's position. The demand was refused outright by the USA and Western nations. In this sense the war had been easily avoidable. It was then and remains a war of choice for the USA and its European allies.

The USA has used intermediaries to fight their wars before, particularly in Afghanistan in wars in the 1980s, and more recently against Syria and Libya. The use of proxies to fight the Russian was important in this instance to avoid a direct confrontation between two forces armed with nuclear warheads. The Ukrainians were ideal for the American purposes.

More sinister were the years that ran up to the war, from 2014 or even before. The Ukraine has for long time been an area ready for invasion. One of the purposes of the German forces in the 1939 to 1945 war was to colonise the area, and hand it over to German farmers as settlers. The entire local population were to be eradicated or enslaved by whatever means was possible. The hugely fertile lands of Ukraine were the food basket that would have fed the German peoples (Ingrao and Brown 2013). At that time local nationalist groups in Ukraine were set up to support the German invasion in 1941;

these same groups had remained ultranationalists. From 2015 onwards to today these ultranationals were ready to for the present war fought for Ukrainian independence.

It was these same ultranationalists that were utilised by Victoria Nuland in 2015, then Under Secretary for Political Affairs in the overthrow and Coup in February 2014 of the Ukrainian pro-Russian leader. From then on, the USA began to arm and train Ukrainian forces for a future war. When the Western powers refused a treaty with the USA and NATO that Ukraine would not join the NATO military alliance the die was set for war.

Russia has felt threatened by NATO ever since the Maiden coup. This threat has been a part of the Russian rhetoric from well before this war began. Putin explained the Russian position in two speeches in February 2022. His objective was to “demilitarise” and “denazify” Ukraine.⁷ As before the Western powers took no notice.

Russian Humiliation after the Collapse of the USSR

In 1991, veterans of the Chicago school of true believers of free market capitalism were drawn into Moscow. This rapidly led to harrowing tales of hunger and poverty, and in the new Russia GDP dropped by 66%. Just imagine a drop in any Western country of such a reduction. Life expectancy dropped sharply, and levels of inequality arose simultaneously with the growth of oligarchs, as the assets of the country were stripped away, and the resources were invested in Western capital. Billions of dollars poured out of the country. The social consequences are the popularity or at least the wide acceptance of Putin (Drake 2022).

Russian status as the number two world power is well over with the rise of China. Russia was hugely impoverished by the breakup of the Soviet Union in 1991, and the rapid decline of the economy. Out of that decline, a new world order arose through the creation of new relatively small and weak national states to the west and south. Many now, thirty years later, have a close rapprochement with NATO and the European Union. The USA is seen as pursuing a policy in which

the new organisation of the European space that is engineered by the West is, in essence built on the idea of supporting in this part of the world, new, relatively small and weak nation states through their more or less close rapprochement with NATO, the EC, and so forth. (Brzezinski 1997, 199)

Brzezinski concluded that the “most dangerous scenario would be a grand coalition of China, Russia and perhaps Iran” (Brzezinski 1997, Chapter 7). This is exactly what has happened. It is now clear that it has been concluded in Washington that US global primacy can only be obtained by the defeat of Russia and its breakup into many smaller national entities. In other words, the continuation of the processes that began in 1990, was not fully completed.

Understanding the Breakup of Russia into Smaller Statelets: Part of the Scenario of Imperial Dominance

The old Soviet Union was the only continent that remained unbroken after 1944. Russian expansion into the huge empire we called the USSR occurred at the same time as the European empires were created, i.e., over 450 years from 1492 to 1914.

One great difference between European and Russian colonial expansion from the early 16th century right through to the end of the 19th century was that the Russian territorial growth occurred over time as one huge single contiguous territory. By 1900, Russia had reached Vladivostok in the East on the Chinese border.

A second difference between the Western Europeans and Greater Russia was that the Western European states transformed themselves into mighty capitalist and industrialised societies at the same time as they expanded their colonial empires. Russia, on the other hand, remained an old feudal state with a centralised monarchy holding dominant power over a sea of serfs. While industrialisation became the dominant mode of production in Western Europe, in Russia industrialisation was not central to the feudal system. Of course, I am summarising and simplifying vast bodies of knowledge here.

When the Soviet Revolution hit old Russia in 1917, the economy was still primarily feudal, despite some changes over the previous 50 years. The monarchy was still the ultimate authority of the government. The old Russian empire remained intact under the Soviets. So, when the USSR collapsed in 1989, US policy intended to weaken the empire forever and to break it up into much smaller states based on ethnicity and nationalism. The USA correctly knew that smaller nation-states are much easier to manipulate through institutions like the International Monetary Fund and world bodies which the USA dominates.

At the time in 1990, the USA might have decided to develop the old USSR into a single new capitalist society as many people hoped. But this opportunity or possibility shows a lack of understanding about the character of the USA as the dominant world power. The USA has never had any concerns about beneficence towards the rest of the world, despite its thriving ideology. The idea of helping and supporting other weaker nations to grow was never part of the American imperial storybook. It should be noted here that repairing Germany and Japan and helping the old colonial European powers to recover after 1945 is the one historical exception to the general rule. In this case, at that moment in history, the USA had a very special need to support the losing sides as they understood Soviet communism as the greatest threat at that time. Generally, since 1944, the USA behaved towards defeated foes and other nation states more or less as she has treated her peoples in the 19th century. American history must be seen as a whole, and in the 19th century, she conquered her own lands and people, and then with a 30-year break continued a parallel policy on a global scale after 1945. She has shown little interest in weaker nations catching up economically (van Zwanenberg 2021–2022).

Of course, times have changed with the passing of a century. There has been no attempt to break up continents since 1900. What has occurred is the breakup of the old colonial system instigated in 1944 at the Bretton Woods agreement where only Britain and the USA were present. There, it was agreed that the old imperial nations would discard their dominance, and American companies have equal access to all the economies of the colonies of the European empires. This meant in practice offering self-government which then occurred over the following 20 years. Now in the 21st century, the USA deems it is time to break up the old imperial and Soviet empires to maintain her global dominance.

Some of the Unforeseen Consequences by Western Countries for Europe

I have added a section here on the unforeseen consequences by Western countries, as it would appear that Putin's Russia had thought through many of the financial aspects of

this war, not least that Russia would be heavily sanctioned (*Financial Times* 2022). There appears to be little consensus, at least in the media, on why Russia decided to invade Ukraine. It has appeared to many pundits that the purpose was to reinstate the lost lands of the USSR and thus to portray Russia as a new imperialist power. Putin has been labelled as insane and with many other disorders as many in the media have sought to psychoanalyse him. No evidence has ever been displayed. In contrast, this article assumes a rational regime, and the evidence would indicate that the Kremlin planners had thought through carefully the consequences of the invasion (Short 2022).

So, putting aside for a moment the Kremlin's purpose of the invasion, the consequences of the sanctions are now hitting all the economies of Western Europe severely as oil and gas prices triple in a few months and inflation has begun to run wild. It appears as if the Western nation's high sound rhetoric of moral outrage a few months ago is now turning politically sour as one of the worst economic crises is about to impoverish large sections of our populations.

One of the major consequences for Europe as a whole, and notably Germany, has become the European Union's dependency, via NATO, on the US undermining the EU as an independent bloc. All European countries, from Portugal to Sweden in the north, have agreed that they need NATO to protect them from imperial Russian expansion. The evidence that Russia has suddenly become an imperial expanding nation is very thin. Nonetheless, all of Europe has spoken with one voice supporting the USA's position. From some of the countries, like Britain, this was an obvious choice. However, for the more independent and more economically successful countries like Germany, it was less obvious. Germany it appears will be badly damaged in the short and medium term.

Marco D'Eramo's (2022) recent article in the *New Left Review*, "Sinking Germany" clarifies what Germany and a range of associated states have lost. The new German leadership has moved from significant independence to dependency on the more highly priced US LNG gas imports and from there to green hydrogen gas. Whether the German government can succeed in this highly risky move is anyone's guess at the moment.

The losses of trade in foodstuffs are immense. The impact on Ukrainian and Russian production of grain, corn, barley, and fertiliser has been widely publicised. Although it has been widely forgotten that Germany's invasion of this area in 1941 was to colonise and settle German farmers to provide Germany with a "breadbasket." The impacts on oil and gas have equally been widely publicised, less so nickel used in powerlines for electric cars. The global superconductor industry has also been hit, likewise various specialist gases like neon, krypton, and several critical metals such as titanium, scandium and more.

Germany had developed a bloc of interconnected and interdependent countries with her economy over the last 30 years. Austria, Switzerland, Belgium, and the Netherlands in the West, and the Czech Republic, Slovakia, Hungary, and Poland in the East. Each country specialised in different parts of a total economy with Germany as the hegemonic head or centre. The trade between these countries was huge, as D'Eramo illustrates. Trade with China and Russia not just benefited them all but was growing apace, much faster than with other countries in the European Union. D'Eramo sums up what was happening here as he argues that "we can glimpse the Teutonic equivalent of the new Silk Road" or "a new Eurasian bloc with China and Russia as its two extremities" (D'Eramo 2022).

The Ukrainian war has buried this entire project. German strategy has been defeated as she becomes yet another vassal of the USA. Future scholars will need to explain Germany's political choices. Germany is the most extreme case in Europe. The whole of the European Union and surrounding countries will be hit by shortages and rising prices, for what period and with what consequences remain to be seen, through the haze of propaganda. The Western attempt to sanction Russia will hit many industries in Europe and to a lesser extent in the Global South. It is beginning to be clear that Europe at least faces one of its deepest crises for generations.

Ukraine, Gold, and the Dollar Standard—The Broad Imperial System of Global Trade⁸

One key aspect of global dominance we have not discussed so far is the US dollar system of global trade. The US dollar has been the currency of world trade since 1944. It is an understanding of this system which is a major component that determines the present conundrum with Ukraine. In 1821, Britain created the first global trading currency, the pound sterling, based on gold. From this date until 1944, the dominant currency used in world trade was the pound sterling supported by a weight of gold. As Britain had the world's largest collection of gold in its central bank, the pound (£) was equivalent to a weight of gold. This connection to gold gave the pound sterling the prominence it needed in the 19th century to become the currency of world trade.

In 1944 at Bretton Woods, the US dollar took over from sterling the world currency, also tied to the weight of gold. In 1973, the USA came off the gold standard but continued to be the currency of world trade. From that time onwards, every country that wished to trade internationally had to borrow the dollars she needed to do so. The USA insisted that countries hold their borrowed dollars in US banks. This has given the USA ultimate control of the world's financial system. It has been a system imposed on the world's trading community, and only now is it being challenged.

Today every country in the world needs dollars to trade outside of their borders. As a result, the USA has had to print ever large volumes of money. The American central bank then lends to other national central banks across the world. This system has hugely benefited the USA in many ways. Perhaps most importantly of all, they have had almost infinite money to lend, unlike all the other countries of the world, because they do not need to create a trading surplus. This point cannot be overemphasised. This is the rationale behind the USA going to almost any length to preserve and maintain the global financial status quo. Control of the world's trading financial currency is the very essence of being the world's leading power. Any country or organisation that has sought to avoid using US dollars in world trade deals has been severely punished.

To briefly give some examples of those who did attempt to defy the system of the dollar exchange and have been severely dealt with. In Iraq, Saddam Hussein threatened to sell his oil in Euros. The Americans invaded. In Libya, Gaddafi was about to create a new trading currency based on gold across North Africa. He too was deposed in an unseemly civil war. Now the Chinese along with Russia and Iran are consciously preparing new payment systems. The Cross-Border Interbank Payment System of China side-steps the US dollar system of exchange and the USA's SWIFT payments programme. The

new Russian system, the Transfer of Financial Messages is their Rouble system of exchange.

The financial systems of trade which have stopped using US dollars are considered the red rag to the bull. The USA responded to the Russian invasion of Ukraine by stealing the Russian 300 billion dollars in their SWIFT system, held in American banks. So far, the many nations of the Global South, have gone along with these new Russian and Chinese systems of trade and money exchange. What the textbooks don't tell you is that many nations and the people who use US dollars find the system oppressive. In European economies where the relationship between domestic and export currency is stable, US dollars are used when companies import and export. But in large parts of the Global South, the use of the two currencies is not so straightforward. In economies where export dollars are in short supply, the value of the domestic currency is regularly inflated. In such situations, where people can obtain their US dollars, people begin to trade domestically in US dollars, especially in matters like housing purchases. This is the case for instance in Argentina today, where the US dollar is the only stable currency available. Both nations and peoples find the system difficult to handle, but there is no other alternative, hence many find this system oppressive.

The ability to borrow in other currencies and to trade free of the International Monetary Fund is like to be attractive. The China Russia Iranian trading arrangement would probably be popular among many in the Global South.

Russia has not been bankrupted by the extensive sanctions forced upon it by the USA and their European allies. The Rouble is now stronger than ever, and the Russian central bank is cutting the basic interest rate. Russian trade with the countries of the Global South, including China, has skyrocketed. The big five South-East Asian economies have signed the system of payments.

Russia entered the Ukrainian war prepared financially for the shockwaves that would be imposed from the USA. Yet despite the sanctions imposed by the USA and EU Russia has managed her economy without serious suffering. For the moment it seems that Russia is winning the war in terms of the Western attack on her economy. The Russian central bank is full of US dollars; the attack on its global trading system financially has not been reversed; the European sanctions have failed. The five largest South-East Asian economies have signed up for the new trading system; thus, bypassing the old SWIFT system.

It is difficult to get a precise handle on the events described above and equally difficult to weigh up the importance of these changes we are seeing in the developments of world trade and the currencies used to trade. It seems unlikely that the Europeans and Americans will fail to impoverish the Russian people significantly. The precautions Putin made before the war started are looking like they will bear fruit. On the other hand, the unwillingness of the Europeans to import Russian oil and gas seems to have badly upset the balances of economic forces in some of the European states. Already low growth economies, struck with the covid pandemic appear as if economies are moving into a tailspin. It is too early to predict outcomes. For the moment, at least, the Russian economy appears to be robust.

The American Struggle to Maintain the Role of the World's Financial Power

Much of this extra lending has been spent on buying military weapons and the armed forces themselves. The USA has built up the largest armed forces the world had ever

seen which include armed bases in 80 different countries across the globe. The US balance of payments is consequentially unlike all other nations of the world.

The world's trading dollars have been kept in US banks. This has allowed the USA to sanction countries they do not approve of. In any conflict, the USA has used sanctions to try and stop that country from trading internationally. Countries burdened with this attack on their economies include Iraq, Cuba, Venezuela, Iran, and Russia among others. Sanctions can in some cases include stealing a country's dollar reserves. For example, \$2.0 billion of Venezuela's gold stock was held in London, Libya's gold reserves disappeared, Afghanistan's gold reserves were taken when the USA was thrown out of that country, and recently \$300 billion of Russian foreign bank reserves have gone missing (Ottenberg 2022). Sanctions clearly weaken countries. Although so far, sanctions have not led to the overthrow of any government. Nonetheless, economic sanctions impoverish a state, and any sanctioned economy is vitally threatened.

Today any country that shows a sense of its independence can have their dollars confiscated. The USSR after 1945 for instance was denied dollars to trade. More recently, Iraq, followed by Syria, and Iran were denied dollars. By the 21st century, the USA was widely using their control of the world currency to punish independent countries. In effect, this was being used by the USA as a form of soft power or war fare before the advent of weapons. The USSR was denied dollars for its entire existence, likewise Cuba.

When Iraq and then Libya threatened to trade their oil in non-dollar currencies, it was time for invasion. When Russia invaded Ukraine, Russia prepared herself for being sanctioned by building up her US dollar reserves in her central bank. She then began to insist that countries buy her oil in Roubles. These conscious movements to avoid the world's dollar system is now widespread. Recently Russia, China, and Iran have begun to trade outside the US dollar system.

Michael Hudson is arguing that what we are now seeing is "Blowback resulting from U.S./NATO isolating their economic and monetary systems" (Hudson 2022). He goes on to say that the USA confiscating Russia's foreign currency reserves was supposed to crash the Rouble and imposing sanctions against importing Russian oil and gas to Europe was intended to deprive Russia of export earnings, causing the Rouble to collapse. Instead, blocking Russian exports has created worldwide price inflation for oil and gas, and it has sharply increased Russian export earnings as Southern countries have stepped in to buy cheap oil and gas.

The overall result is the development of an alternative payment system which will be welcomed by many countries in the Global South, who have been overburdened for a long time by the dollar global payment system. Hudson concludes that "the basic U.S. policy has been to threaten to destabilize countries and perhaps bomb them until they agree to adopt neoliberal policies and privatize their public domain. But taking on Russia, China and Iran is a much higher order of magnitude" (Hudson 2022). What is already clear is that the US policy to defeat Russia in the war in Ukraine has gone badly wrong. The people of Europe in particular will have to pay and many will be significantly impoverished.

Conclusion

This war in Ukraine is vitally important for the USA beyond the sales benefits for the war industries. A brief understanding of the internal dynamics of the US economy is helpful.

Over the last 50 years, since the USA came off the gold standard in 1973, the country has followed the dictates of neoliberalism. These policies are not so very different from the policies followed in the 19th century when Britain was the dominant world power. Wealth has continuously moved towards the already wealthy. Standards of living have flattened, hitting the bottom half of the population. Simultaneously, the growth of the economy has been declining. Both trends are, I think, not in dispute. Some of the internal consequences were outlined in the paper “The Worst Is Yet to Come: When the Centre Does Not Hold” by Richard Falk (2022). The paper discusses the forces of alienation around the country: that a “fascist” alternative is assuming institutional, ideological, and populist prominence with the active support of many American oligarchs. This is a theme of many critical commentators at the present moment, including a theme of several cartoonists. This article is not the place to examine the possibilities of the USA losing its present democratic system. It is enough to remark that this is an issue beginning to be discussed in the media. My point though is a simple one. The US internal political systems of running the affairs of the country appear to be seriously weakening. In such a situation, it seems to this writer that it is extremely unlikely that the USA would contemplate negotiations where they could lose their hold on global power that they have held onto since Bretton Woods in 1944.

In such circumstances where Russia faces a breakout of its territory against a foe that could lose its world ascendancy, we can look forward to a long war. It appears that the European states, who still might act as an intermediary between the two sides, have been taken in by the propaganda that Putin himself is unhinged or is the devil incarnate. Rather, at this moment, it would appear that this war has been carefully planned. We are therefore facing a struggle that will affect everybody on this planet. This author is not optimistic about the outcome.

Notes

1. The concept of imperialism has been widely used over the last 100 years. I prefer the Indian scholar Jahati Ghosh’s use of the term. Ghosh’s view is that there is a world system which can be defined as imperialistic. It is dominated by a hegemonic power, today the USA. Imperialism in this definition is a world system where the resources of nature, water, coal, minerals, etc., and especially land are commodified, and owned by huge enterprises for purposes of profit talking instead of the well-being of the human population. The role of the hegemonic power with several satellites countries is to protect the huge enterprises.
2. Brzezinski was a Democrat, advisor to Jimmy Carter in 1988, he was the leader that entrapped the Soviets in Afghanistan by supporting the Mujahideen invasion with US weapons with the support of Pakistan Secret Service. Brzezinski’s influence on US foreign policy was immense; he advised Barack Obama and support Madeline Albright, Victoria Nuland and Anthony Blinken.
3. The notion of “states” as we use the term today has a relatively short history. Nation-states and the existence of capitalism go hand in hand. The ability to draw maps, and create borders which were defendable arrive with the technical and legal abilities of our contemporary age.
4. There is by now plenty of evidence which explains why Russia invaded, not least the public speeches made by Putin. Moscow was well aware of US intentions to break up Russia into many mini states.
5. It is worth a note that this article assumes that all the players have been operating in what their leaders assume are their best interests. Therefore, they are acting rationally within the

terms of their overseas assumptions and policies. In this article this assumption especially applies to Russia.

6. There are now many articles which argue this case and many leading figures in the US Foreign Affairs establishment have made this very clear, for example, Brzezinski's *The Grand Chessboard*; The Helsinki Commission discussed the decolonisation of Russia in June 2022, Michael Pompeo US Secretary State under Trump June 24, 2022. A major paper titled "Decolonizing Russia" was published by the Washington based Commission on Security and Cooperation in Europe. See <https://www.csce.gov>.
7. These speeches can easily be found on You Tube on the world wide web.
8. A small number of scholars from within the USA have been writing critically about the US dollar system of world trade, the world's international currency. Michael Hudson is perhaps the earliest writer with his book *Super Imperialism: The Economic Strategy of American Empire* (Hudson 1972). Hudson has continually updated his theory ever since. I have used a recent article of his in preparing this article: "American Diplomacy as a Tragic Drama" (Hudson 2022). There are now a number of authors following Hudson's lead, including Nicolas Davies and Medea Benjamin's "NATO and a War Foretold" (Davies and Benjamin 2022) and Eve Ottenberg's "The West Can't Stop Pillaging Other Countries' Bank Accounts" (Ottenberg 2022). This section is based on the writings of these authors. The emphasis is my own. For background on the US dollar read Costigan, Cottle and Keys (2017).

Disclosure Statement

No potential conflict of interest was reported by the author(s).

Notes on Contributor

Roger van Zwanenberg got his PhD in East African History from the Sussex University in 1969. He is the founder of the Zed Press in 1976 and the Pluto Journals in 2009, and Managing Director of the Pluto Press from 1986 to 2012. He is now Director of the Pluto Educational Trust. He is interested in global history. He wrote a book titled *Wealth and Power: Transformation and Destruction, 1492 to 2020* which is posted on <https://www.wealthandpower.org>.

References

- Bowes, C. 2022. "War Propaganda about Ukraine Starting to Wear Thin." *TRANSCEND Media Service*. <https://www.transcend.org/tms/2022/08/war-propaganda-about-ukraine-starting-to-wear-thin/>.
- Brzezinski, Z. 1997. *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*. New York: Basic Books.
- Carpenter, T. G. 2022. "It Has Long Been Clear That NATO Expansion Would Lead to Tragedy: We Are Now Paying the Price for the US's Arrogance." Accessed July 2, 2022. <https://www.stopwar.org.uk/article/warnings-unheeded-many-predicted-nato-expansion-would-lead-to-war>.
- Costigan, T., D. Cottle, and A. Keys. 2017. "The US Dollar as the Global Reserve Currency: Implications for US Hegemony." *World Review of Political Economy* 8 (1): 104–122.
- Davies, N. J. S., and M. Benjamin. 2022. "NATO and a War Foretold." *The Progressive Magazine*. <https://progressive.org/latest/nato-war-foretold-benjamin-davies-220629/>.
- D'Eramo, M. 2022. "Sinking Germany." *New Left Review*. <https://newleftreview.org/sidecar/posts/sinking-germany>.
- Drake, R. 2022. "The American Cause in Ukraine: Advancing Freedom or the Course of Empire?" *Counterpunch*, May 18. <https://www.counterpunch.org/2022/05/18/the-american-cause-in-ukraine-advancing-freedom-or-the-course-of-empire/>.

- Editors of *Monthly Review*. 2022. "Editorial Note." *Monthly Review* 73 (11). https://monthlyreview.org/2022/04/01/mr-073-11-2022-04_0/.
- Falk, R. 2022. "The Worst Is Yet to Come: When the Centre Does Not Hold." *Counterpunch*, July 15. <https://www.counterpunch.org/2022/07/15/the-worst-is-yet-to-come-when-the-center-does-not-hold/>.
- Financial Times*. 2022. "This Is What Created Putin." *Financial Times*, October 15.
- Hudson, M. 1972. *Super Imperialism: The Economic Strategy of American Empire*. London: Pluto Books.
- Hudson, M. 2022. "American Diplomacy as a Tragic Drama." *Monthly Review Online*. <https://mronline.org/2022/08/04/american-diplomacy-as-a-tragic-drama/>.
- Ingrao, C., and A. Brown. 2013. *Believe and Destroy: Intellectuals in the SS War Machine*. New York: Polity.
- Kettle, M. 2022. "Boris Johnson Isn't Finished: His Next Move in Politics May Be Even More Alarming." *The Guardian*, August 5. <https://www.theguardian.com/commentisfree/2022/aug/05/boris-johnson-power-media-influence>.
- McCoy, A. 2022. "Playing with Fire in Ukraine." *Tomdispatch*. <https://tomdispatch.com/what-difference-does-a-war-make/>.
- Mackinder, H. J. (1904) 2022. "The Geographical Pivot of History." The Royal Geographical Society. https://en.wikipedia.org/wiki/The_Geographical_Pivot_of_History.
- Negri, A., and N. Guilhot. 2022. "New Reality?" *New Left Review*. <https://newleftreview.org/sidecar/posts/new-reality>.
- Norton, B. 2022. "U.S. Gov't Body Plots to Break Up Russia in Name of 'Decolonization.'" *Monthly Review Online*. <https://mronline.org/2022/06/27/u-s-govt-body-plots-to-break-up-russia-in-name-of-decolonization/>.
- Ottenberg, E. 2022. "The West Can't Stop Pillaging Other Countries' Bank Accounts." *Counterpunch*, July 29. <https://www.counterpunch.org/2022/07/29/the-west-cant-stop-pillaging-other-countries-bank-accounts/>.
- Parker, J. 2022. "What Do the New York Times, Kiev Independent, Euromaidan Press, Twitter, Facebook, Reddit, and Tiktok All Have in Common?" *Covertaction Magazine*, August 22. <https://covertactionmagazine.com/2022/08/22/what-do-the-new-york-times-kiev-independent-euromaidan-press-twitter-facebook-reddit-and-tiktok-all-have-in-common/>.
- Short, P. 2022. "After Six Months of Bloody and Terrible War, What Exactly Does Putin Want from Ukraine?" *The Guardian*, August 22. <https://www.theguardian.com/commentisfree/2022/aug/22/six-months-war-putin-ukraine-russia-nato-energy-prices>.
- van Zwanenberg, R. 2021–2022. *Wealth and Power: Global Transformation and Destruction 1492 to 2020*. <https://www.wealthandpower.org/>.