

The Reason the US Wants War in Ukraine is Ultimately All About the Dollar

Description

by [Thomas J. Penn](#) (excerpt)

Editor's Note: It started with Saddam Hussein, who declared, shortly before 2003, that Iraq would be selling its oil only for euros or gold. He paid for that defiance with his life and Iraq lost its sovereignty. Next was Gaddafi, who announced the same in 2010; furthermore, he was actively working to set up a pan-African currency backed by gold. He was gone on short notice. Iran is still on an On-again Off-again footing with accepting/not accepting dollars for its oil; and so is the rhetoric of war and sanctions against Iran. It is now the mighty Russia and China who are putting their weight together to leverage it against the dollar. Hence the despair of the sore loser hegemon.



Why is the US-led West trying to instigate a crisis in Ukraine? Those who understand how Washington derives its real power know why – it's all about money

For months now we've been hearing Washington ring alarm bells regarding what they have cited as an "imminent Russian invasion of Ukraine." According to the latest so-called US "intelligence," a full-scale invasion would take place this week. Yet, as some of us have for months insisted would be the case, no invasion has transpired, nor, I believe, is one likely.

Moscow, which has [announced](#) that its troops are pulling back from Russia's border with Ukraine, has consistently denied that it has any intention of invading. But Washington, with its repeated accusations regarding an imminent false-flag incident, to its stationing of troops in Eastern Europe, has appeared desperate to goad Russia into making such a move. The more Russia's President Vladimir Putin refuses to take the bait, the greater the despair in Washington.

Why is Washington – and by extension NATO and the EU – so obsessed with Ukraine? What is it that they hope to achieve? Once one understands the mechanism by which Washington derives its real power, its actions in relation to Russia become easier to understand.

Let's put aside all the bluster Washington spews regarding human rights, democracy and sovereignty, because these are just issues which it uses as cover and which it routinely disregards itself in order to achieve its aims. What is it that Washington really wants?

It wants to conflate and stoke the Ukraine issue in order to contain Russia. Why does it want to contain Russia? Well, Washington derives its global power through its control of the US dollar, also known as the world's reserve currency. This special status enables Washington to amass obscene deficits that do not in any way reflect America's true productive capacity.

The US dollar has been utterly dominant as the currency used for international trade since it replaced sterling in the 1920s. Commodities such as oil, gold, base metals and agricultural products are priced in, and paid for, in dollars. This created large worldwide demand for the greenback, adding massive value to its worth, and created strong demand for US Treasuries. All this enables the American federal government to print dollars by the trillions, borrow without limit, and spend with abandon.

The dominance of the dollar has afforded America great global power, but it is now under threat as never before as Russia, China and others economically challenge the US. Many are now seeking to ditch their dependence on the dollar as Washington has continued to abuse it's status as issuer of the world's reserve currency over the decades.

Russia and China have, in particular, drastically cut their use of the dollar. In 2015, around 90% of their bilateral transactions were conducted in dollars. But since the start of the US-China trade war, that's fallen to 46% and is rapidly declining further. Even US allies and partners, like Turkey and India, have begun trading in their respective national currencies when it suits them. Countries are questioning why US financial institutions should serve as the intermediaries for international banking.

Beijing is actively [encouraging](#) the use of its currency, the renminbi, in trade transactions, especially under its massive Belt and Road Initiative. With China recovering more strongly than the other big economies from Covid-19, foreign capital has been flooding in, too, as Beijing opens its financial

markets.

Alexey Maslov, director of the Institute of Far Eastern Studies at the Russian Academy of Sciences, has [told](#) The Nikkei Asian Review that the Russia-China “dedollarization” was approaching a “breakthrough moment” that could elevate their relationship to a de-facto alliance.

This alliance, and its threat to the supremacy of the dollar, deeply worries Washington. “The current dollar-centric system cannot continue forever,” [says](#) Barry Eichengreen, Professor of Economics and Political Science, University of California, Berkeley. “A multipolar international monetary and financial system is coming, as the United States accounts for a declining share of the global economy.”

Goldman Sachs strategists have [predicted](#) that there are now “real concerns around the longevity of the US dollar as a reserve currency,” while billionaire US fund manager Stanley Druckenmiller has warned that the dollar could [cease to be the predominant global reserve currency](#) within 15 years.

Ironically, America’s growing use of severe sanctions against countries it doesn’t like, such as China and Russia, has fuelled this trend, as countries seek new ways of financing trade without Washington having the ability to seize their money. “The U.S., by continuously using sanctions, is beginning to cut off its nose to spite its face,” Anuradha Chenoy, formerly the dean of Jawaharlal Nehru University’s School of International Studies in New Delhi, has [said](#).

Any nation that does not abide by Washington’s edicts and refuses to play the dollar game is met with a color revolution, a coup, a false flag or brute military force. Washington knows that if more and more of those dollars held in foreign reserves become superfluous, they will make their way back to the US to compound inflationary pressures there. This is the main reason, for example, why Washington is so vehemently against the Nord Stream 2 gas pipeline: because the Russians and the Germans together will determine the pricing mechanism, not Washington.

The nations of the world should have the sovereign right to choose which currency they choose to trade in and not be forced, at the barrel of a US gun, to use the US dollar.

This is the real reason Washington is hell-bent on drawing Russian forces into Ukraine. Washington must attempt, by any means possible, to contain Russia and then to try to force her into subjugation, i.e. full and total acceptance of US dollar hegemony upon her.

But, after decades of abuse, the current dollar-based monetary system is running on fumes. Interest rates have been artificially manipulated to zero, western central banks are monetizing debt via quantitative easing at pace, and consumer prices are skyrocketing as a function of inflating the monetary base.

Washington will continue to do anything required to continue the dollar’s supremacy, including using Ukraine and the Ukrainian people as cannon fodder in its efforts to provoke Russia and force dollar hegemony on her. Washington wants to further isolate Russia from the West by painting her as a violent aggressor. I am confident Vladimir Putin will not be lured in.