

# Geopolitics

Navigating global dynamics with insights and analysis on geopolitical trends and events.

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# The Grand Chessboard: American Primacy and Its Geostrategic Imperatives

## **1. American Global Hegemony:**

- Zbigniew Brzezinski's book explores the strategies needed to maintain U.S. dominance as the world's foremost global power, particularly after the collapse of the Soviet Union. He views Eurasia as the critical "Grand Chessboard" where global power must be controlled to ensure American primacy.

## **2. Eurasian Geostrategy:**

- Brzezinski identifies Eurasia as the most strategically important region in the world. He argues that the U.S. must prevent any single power from dominating this region to maintain its global hegemony. He outlines that U.S. dominance in Eurasia is essential for securing American influence over global affairs.

## **3. Key Geopolitical Players:**

- The book highlights the importance of managing relationships with key countries in Eurasia, including France, Germany, Russia, China, and India. Brzezinski suggests that these nations are crucial to the U.S.'s ability to control the region and, by extension, the world.

## **4. Geostrategic Pivots:**

- Brzezinski identifies specific countries as "geostrategic pivots," whose stability or instability could significantly affect global power dynamics. Countries like Ukraine, Azerbaijan, South Korea, Turkey, and Iran are highlighted as critical to maintaining U.S. influence in Eurasia.

## **5. The Role of Culture and Economy:**

- The book discusses how cultural superiority and economic dominance contribute to sustaining American global power. Brzezinski emphasises that American cultural values and the capitalist system play a vital role in shaping global alliances and maintaining U.S. influence.

## **6. Challenges to U.S. Primacy:**

- Brzezinski acknowledges potential challenges to U.S. hegemony, particularly from rising powers like China and Russia. He stresses the need for the U.S. to manage these emerging powers carefully to prevent them from undermining American influence.

## **7. The Future of Global Power:**

- While Brzezinski sees the U.S. as the first truly global superpower, he also believes it might be the last, given the changing dynamics of global politics. He suggests that the U.S. must adapt to a multipolar world while still working to maintain its strategic advantages.

## **8. American Strategy Moving Forward:**

- The book argues for a proactive U.S. foreign policy that involves strategic alliances, the promotion of democratic ideals, and the use of economic and military power to influence global outcomes. Brzezinski emphasises the importance of the U.S. maintaining its presence in key regions to secure its long-term interests.

# The Ukraine War: A Comprehensive Analysis

## Short Version:

The war in Ukraine did not start with Russia's invasion in February 2022; its roots trace back to the dissolution of the Soviet Union. Western policies, particularly NATO's eastward expansion, played a significant role in escalating tensions with Russia. Despite Moscow's attempts to secure a place within a new European security framework, the West consistently dismissed Russia's security concerns, leading to deep mistrust. Western narratives framing Ukraine as defending democracy against Russian aggression mirror rhetoric used to justify past conflicts, such as in Afghanistan. De-escalation and diplomatic solutions are critical to preventing further destabilization in Europe, while the USA reaps strategic benefits from the ongoing conflict. Recognizing Russia's historical fears and understanding NATO's expansion are crucial to grasping the full dynamics of this war.

## Key Points:

- The war's origins lie in post-Soviet transition and NATO's expansion.
- Russia's security concerns have been repeatedly dismissed, fuelling mistrust.
- Western narratives of defending democracy echo rhetoric from past conflicts.
- Diplomacy and détente, not militarization, are needed to avoid further escalation.
- The USA benefits strategically while Europe risks becoming the battleground.

*For the full version, read on (approximate read time: 15-20 minutes).*

**Democracies are the most humane way to organise coexistence, but one must not forget that a functioning democracy relies on people being educated and comprehensively informed. About the current war in Ukraine, this does not start with the Russian attack in February 2022 but much earlier, essentially it begins with the dissolution of the Soviet Union.**

This is a revealing example of the use of language. In the West, we often speak of the "collapse" of the Soviet Union. However, it was more of a politically driven dissolution. Under the leadership of Mikhail Gorbachev, the Soviet Union opened to the West in an unprecedented way. The scale of change was immense. Hopes and expectations were enormous, but the political West did not significantly acknowledge this opening. There were essentially three revolutions that Russia had to

manage.

**The first revolution** was the transition from a planned economy to a market economy. It sounds simple, but it was not. For Russia, in addition to its size, it was particularly challenging because the Russian economy was not ruined by the planned economy—it was created by it. That is a significant difference. The challenge of transitioning from this deeply entrenched planned economy to a market-driven system resulted in chaos, corruption, and the rise of oligarchs. The social and economic upheaval was immense.

**The second revolution** was the transition from the dictatorship of the Communist Party to constitutional governance. The Soviet constitution had guaranteed the Communist Party's control, so major reforms were required. The transition to a new governance system led to widespread political instability, chaos, and confusion.

**The third revolution** was the transition from the Soviet Union to a nation-state. This shift was not recognised by the West as a problem for Russia. While the other states that emerged from the dissolution of the Soviet Union were given a relatively unburdened new beginning by the West, Russia was held responsible for the Soviet Union's crimes and violations. This attitude was significant because it laid the groundwork for reviving old enmities and seeing Russia as the villain. Even Stalin, who was Georgian, continues to be perceived as a Russian figure.

**Then came Boris Yeltsin**, initially seen as a beacon of hope by both the West and Russia. However, Russia soon descended into a chaotic form of capitalism. Corruption and instability ran rampant. Through dubious privatisations of key industries, Yeltsin facilitated the rise of oligarchs. His administration oversaw an unprecedented sell-off of the country's assets. Not only did Russian oligarchs benefit, but so did the West, and to a significant extent. The ideals of democratisation and liberalisation, which had sounded promising, turned into chaos for the Russian people. These concepts became permanently damaged in the minds of many. In 1993, Yeltsin even ordered the shelling of the Russian parliament—a deeply undemocratic act that, rather than being condemned by the West, was celebrated because it aligned with Western interests.

In this chaotic environment, **Vladimir Putin** emerged. Young, healthy, and athletic, Putin restored a sense of order and self-confidence to Russia. Rather than seizing the opportunity to build a common European house, a vision that Gorbachev had laid out, the West remained fixated on the fact that Putin had a KGB background. However, by the late 1980s, the KGB had confronted its criminal past. Furthermore, during the failed coup attempt by Communist hardliners in 1991, Putin showed his commitment to maintaining order when it was far from certain that the coup would fail.

During his first term, Putin made numerous offers of cooperation to the West, all of which were either ignored or rejected. This was not a trivial matter but a fundamental experience that shaped his future behaviour. Putin also placed great importance on fostering a strong civil society in his early years, but these efforts were either dismissed or ridiculed in the West.

**This raises a critical question:** Is Russia pursuing imperialistic ambitions, or is it concerned with a functioning security architecture that includes Russia? This debate must be addressed analytically, not ideologically. Even **NATO Secretary-General Jens Stoltenberg**, who is known

for his firm stance on Russia, stated that Russia does not pose a threat. Similar sentiments can be found in various US strategy papers. So why the continued scaremongering?

For Western financial and military support to Ukraine to continue, the narrative of a looming Russian threat must be maintained. The claim that our freedom and democracy are being defended in Ukraine is no more accurate now than it was during the war in Afghanistan, when similar claims were made about defending freedom in the Hindu Kush. History shows that creating a friend-enemy narrative and demonising opponents prepares societies for war.

**A chronological review of Russian statements and policies** shows that Moscow is primarily concerned with securing an appropriate place in a new security architecture. This need arose after the East-West confrontation seemed to have ended in the late 1980s. After the dissolution of the Warsaw Pact, NATO should have undergone sensible restructuring. There were even plans that did not exclude the possibility of Russia joining NATO. But NATO did not restructure; instead, it expanded eastward. Although a NATO-Russia Council was established, it was more of a cosmetic gesture than a genuine offer of equal participation. NATO's eastward expansion is widely considered one of the greatest strategic mistakes since World War II. Long-serving German Foreign Minister **Hans-Dietrich Genscher** shared this view, as did **George Kennan**, the architect of America's containment policy, who described NATO's expansion as a "tragic mistake."

The breaking point came when NATO sought to make Ukraine a member, a country of profound historical and emotional significance to Russia. Russia's security concerns were dismissed as merely aggressive, despite evidence indicating that the West viewed the potential breakup of Russia and regime change in Moscow as favourable objectives.

**One key difference between Russia and the US lies in geography.** The US is flanked by oceans to the east and west, with Canada as a NATO ally to the north and Mexico to the south, both of which pose no significant security threats. Russia, by contrast, stretches across a vast landmass with over 22,000 km of land borders, many of which are difficult to defend. Russia has 14 neighbouring countries, not just two, and some of these relationships are severely strained. From a security standpoint, this creates a qualitatively different challenge, naturally leading to heightened sensitivities for Russia.

What often goes unacknowledged are Russia's historically developed fears. We are accustomed to acknowledging the historical fears of Poland and the Baltic states, but Russia's own fears are often overlooked. In 1904, Russia was attacked by Japan from the east. During World War I, German troops occupied large parts of Russia. The **Treaty of Brest-Litovsk** in 1917 imposed painful territorial losses on Russia. During the subsequent Russian Civil Wars, Western countries, led by **France and Great Britain**, intervened. After World War I, **Poland** tried to exploit Russia's weakness by expanding its territories eastward, beyond the line that was supposed to form Poland's eastern border during peace negotiations. Stalin reclaimed these annexed territories in 1939.

The **German invasion of 1941**, with its immeasurable suffering and cruelty, remains deeply ingrained in Russia's national consciousness, as does **Napoleon's invasion in 1812**. Russian fears of external threats are grounded in real historical experiences, in stark contrast to the US's

situation. Due to its geographical position and history, Russia views NATO's presence and the proximity of US military bases with deep suspicion. Russia operates 11 military bases outside its borders, 9 of which are in close proximity to Russia, while the US operates nearly 800 military bases in over 70 countries. So, who is threatening whom?

Whether the threat is real or perceived, the result is the same: the destruction of the foundations of peaceful coexistence and cooperation. Trust, the basic requirement for such coexistence, is eroding. Mutual distrust is now greater than ever. Statements like those from **Angela Merkel**, who admitted that the **Minsk agreements** were merely intended to give Ukraine time to strengthen its defences, are devastating. If agreements are not made in good faith, why make them at all?

From a Russian perspective, it was not Moscow but the West that sought to reshape the world order. The **Kosovo War in 1998** and the **Iraq War in 2003** were both led by the US without United Nations Security Council approval, bypassing international rules. Furthermore, the West has dismantled nearly all of the significant disarmament treaties. Consider the **INF Treaty**, which succeeded in abolishing an entire category of weapons. Yet, it was the US, not Russia, that withdrew from this treaty.

**To draw the connection to Ukraine**, the US has been deeply involved in Ukrainian affairs for years, spending enormous sums to influence elections and finance so-called educational programs aimed at promoting NATO membership to Ukrainians. For a long time, there was no majority support for NATO in Ukraine, and the country's neutral status was enshrined in its constitution. Nevertheless, Ukraine became the site of large-scale NATO manoeuvres, and the US systematically increased reconnaissance flights along the Ukrainian-Russian border. According to **The New York Times**, the US has operated 12 secret **CIA** bases on the Ukrainian-Russian border for about eight years, and the involvement of American intelligence agencies is said to have played a key role in **Vladimir Putin's** decision to invade Ukraine in February 2022. Moscow fears that Ukraine could become a springboard for operations against Russia, supported by the **CIA**, **MI6**, and other Western intelligence agencies.

Before the invasion, Putin formally requested security guarantees, but these requests were ignored. The situation recalls the dynamics of the Cold War, where the balance of terror relied on maintaining second-strike capability. This capability deters a potential aggressor from launching a first strike, as they must expect retaliation. Today, however, the political West seems determined to upset this balance.

International treaties emphasise that one nation's security should not come at the expense of another's insecurity. Yet the NATO-Russia Council and other crisis communication forums have been suspended or abolished. Détente politicians have been blamed for Russia's invasion of Ukraine, with many now retracting their earlier positions and declaring their policies mistakes. However, it was not the policy of détente that led to this situation but the failure to fully implement it. A rational, fact-based debate is needed, not one where dissenting opinions are dismissed as disinformation or Russian propaganda.

We must look forward and identify interests clearly. Peaceful politics is about balancing interests, not morality. Even **Kamala Harris**, the US Vice President, stated at the Munich Security Conference that American engagement in Europe is not out of charity but because it is in the US's strategic interest. The EU must begin to define its own interests. While some may align with the US, significant differences must be acknowledged. **It is in the EU's interest to maintain good relations with Russia, as the two are natural economic partners. However, this is not in the US's interest. For over a century, US strategic documents have viewed the prospect of a unified and prosperous Eurasia as the primary threat to US dominance.**

China plays a key role in this dynamic. From the US perspective, the risk of close EU-China cooperation has been averted for now. The beneficiaries of the current situation are the US and the arms industry. The US has also succeeded in selling its environmentally harmful and expensive fracking gas to Europe, while Russian gas continues to flow into Europe indirectly at much higher prices, with Germany's energy costs threatening its businesses.

**The tragedy of Ukraine** lies not only in the dead, injured, traumatised, and the destruction of the country but also in the fact that a more intelligent policy could have prevented this war. **Brazilian President Lula da Silva** noted that while Russia bears responsibility for starting the war, the US and Europe have since promoted a proxy war. Four weeks into the war, **Naftali Bennett**, the then-Israeli Prime Minister, attempted to mediate negotiations in Istanbul. These talks showed promise, particularly regarding Crimea, but the Western community of states was not interested in ending the war. At the **NATO Special Summit in Brussels on March 24, 2022**, **British Prime Minister Boris Johnson** stressed his support for Ukraine, later reaffirming it directly to **President Volodymyr Zelensky** during his visit to Kyiv on April 9, 2022. **US Secretary of Defence Lloyd Austin** stated that the West must take the opportunity to permanently weaken Russia militarily and economically through this war.

As a result, Ukraine's earlier diplomatic efforts were rendered obsolete. Ukraine has continued to request more military aid, but the reality is that many Ukrainians feel they are being sacrificed for geopolitical interests. Those who truly wish to help Ukraine must work towards ending the war. The course of the war has been difficult for Ukraine, with the **Kursk offensive** stalling after initial gains. **Russian forces** have advanced in the Donbas region, with the strategically important city of **Pokrovsk** nearly captured. Reports indicate that Ukrainian resistance is weakening, with severe personnel and equipment losses, particularly in the south-east and Kursk regions.

**The British Times** and **The Economist** corroborate this analysis. Ukraine has faced massive Russian air strikes on infrastructure, including power supplies and heating plants. The damage is often repaired only to be destroyed again. **Ukraine's Ministry of Defence** acknowledges that only about a quarter of Russian missiles and two-thirds of drones are intercepted. Ukraine needs success stories to maintain Western support, but the situation is becoming increasingly desperate. **Zelensky** continues to attempt to draw NATO into the conflict.

**Starting in 2017 under the Trump administration**, the US began constructing a military task force structure, and this is a critical point. By April 13, 2021—long before Russia's attack on Ukraine—preparations were well underway. At a **NATO summit in Washington**, it was announced that **the US and Germany** would deploy long-range fire capabilities in Germany by 2026 to show



their commitment to NATO and European defence. This was intended to lead to the longer-term stationing of advanced weaponry, including **SM-6, Tomahawk cruise missiles, and hypersonic weapons** with longer ranges than existing systems in Europe.

**Hypersonic weapons**, capable of reaching speeds 17 times faster than sound, drastically reduce the warning time for a response. What are the strategic implications? Does Moscow perceive this as a defensive measure by the West or as preparation for a surprise attack? In the current tense climate, it would be logical for Moscow to consider taking preventive action. Whether such action is preventive or retaliatory, it would target densely populated areas in Germany. It's hard to see how such developments could increase European security, and it's surprising that this hasn't sparked widespread protests, given the potential risks. In other words, this was a unilateral decision by the US, made well before Russia's invasion of Ukraine, leveraging the fear of Putin to stifle public discourse. From Moscow's perspective, the strategic implications of these actions become much clearer.

**According to the Scientific Service of the German Bundestag**, supplying weapons does not automatically make a country a party to the war, but training soldiers does. By the end of last year, around 8,000 Ukrainian soldiers had already undergone training with EU armed forces. At this point, it no longer matters whether we consider ourselves a party to the war; what matters is how Moscow perceives our actions. The situation could spiral out of control, and it doesn't help when those calling for diplomacy are accused of serving Moscow's interests.

It is in the EU's own interest to develop de-escalation strategies and plan for the future. However, these efforts are not coming from the EU but rather from China, African states, and Brazil. If the situation escalates, those distant nations will remain unaffected while Germany and its neighbours become the battleground—not Brazil, China, or the USA.

We must revive the idea of **détente** and reflect on its history. Since the late 1960s, **NATO** followed a dual strategy of military strength and cooperation, détente, and disarmament at a political level. Today, however, the language has shifted from "security" to "deterrence," a term that implies aggression rather than defence. Dialogue becomes meaningless when the other side's interests are dismissed as illegitimate from the outset.

**When it comes to language**, we must be mindful of how it is used in political discourse. Double standards in word choice are pervasive, whether in discussions about Russia-Ukraine or broader international affairs. For example, reports often describe the targeted killings of **Hamas** or **Hezbollah** leaders as being "neutralised" rather than "killed" or "murdered." These sanitised terms obscure the violence involved.

Similarly, terms like "the illegal war of aggression against Ukraine" are carefully applied in line with international law. But why is such precision not used consistently? The **Israeli-occupied Golan Heights**, which is also illegal under international law, is rarely described as such. This inconsistency in language reflects broader political dynamics and the need for clarity in public discourse.

**The younger generation**, which has largely taken peace for granted, is so focused on climate

change that the issue of war and peace has been side-lined. But it should be clear to everyone that if peace fails—particularly with nuclear weapons in play—then the climate becomes tragically irrelevant.

**In conclusion**, it is difficult to remain optimistic when discussing such matters, but it is vital not to hide one's opinion, even if uncomfortable. Democracy thrives on open debate, and we must ensure that information remains free from ideological constraints. Freedom of speech is only valuable when accompanied by a culture of debate. We owe it to our democratic system to keep that culture alive.

# The US Dollar-Dominated International Financial System and Its Impact on Global Economies

## Overview of the Current System

The international financial system, as it stands today, is overwhelmingly dominated by the US dollar. This dominance stems from the post-World War II Bretton Woods Agreement, which established the US dollar as the global reserve currency. Even after the gold standard was abandoned in 1971, the dollar has remained central to global trade and finance, largely due to the size and influence of the US economy, the strength of US financial institutions, and the integration of the dollar into global commodity markets, notably through the petrodollar system for oil.

## Benefits to the US and Western Economies

1. **Reserve Currency Privilege:** The US dollar's status as the primary reserve currency gives the US considerable financial advantages. Countries around the world must hold dollars to facilitate trade, meaning there is a constant demand for dollars. This allows the US to borrow cheaply and finance its large deficits at lower interest rates than would otherwise be possible.
2. **US Dollar-Denominated Loans:** Many developing nations, especially in the Global South, borrow in US dollars rather than their local currencies. This exposes them to several risks:
  - **Interest Rate Dependency:** Developing countries face the effects of US Federal Reserve policy, as they are subject to interest rate changes set by the Fed, which can increase the cost of servicing dollar-denominated debt.
  - **Currency Risks:** Fluctuations in their local currencies against the dollar mean that if their currency depreciates, the cost of paying back dollar-denominated debt rises, often leading to debt crises.
  - **US Economic Influence:** Even countries with stable economies and policies are affected by US economic conditions, as US monetary policy has global repercussions.
3. **Trade Settled in Dollars:** International trade is heavily reliant on the US dollar. Countries trading with one another, such as Brazil and Turkey, must often use dollars to settle transactions, even when the US is not involved in the trade. This structure benefits:

- **US and Western Financial Institutions:** Banks and financial centres in New York and London profit by processing these transactions. The global reliance on the dollar means that the US and its allies earn income from transaction fees and enjoy increased capital flows, even when they are not directly part of the trade.
- **Global Dollar Liquidity:** The global demand for dollars keeps the currency in circulation, which supports US economic policy and allows the government to borrow internationally with ease.

## How This Penalises Developing Economies

1. **Outflows of Wealth:** Developing countries often find themselves accumulating dollar reserves or servicing dollar-denominated loans, which results in large outflows of capital from their economies. This limits their ability to invest in their own development, especially in infrastructure, healthcare, and education.
2. **Economic Vulnerability:** By being tied to US economic policy through the use of the dollar, developing economies become highly vulnerable to external shocks. When the US raises interest rates, for example, borrowing costs for these countries increase dramatically, leading to financial strain.
3. **Impeded Domestic Investment:** The need to service dollar-based debt and accumulate foreign reserves hampers the ability of Global South economies to reinvest in their own infrastructure and services. Much of their wealth is channelled back to Western financial centres, primarily Wall Street, draining resources that could otherwise foster local growth.

## Russia's BRICS Proposal: A Shift Towards Local Currencies and Commodities

In response to the constraints of the dollar-dominated system, Russia has proposed a new framework for international trade settlements within BRICS (Brazil, Russia, India, China, and South Africa) that emphasises the use of national currencies and commodities as alternatives to the US dollar.

### Key Features of Russia's Proposal

1. **Settlements in National Currencies:** The proposal calls for BRICS nations to settle trades using their own national currencies rather than defaulting to the US dollar. This would allow countries like Brazil and Turkey, for example, to trade directly in Brazilian real and Turkish lira, reducing dependency on Western financial institutions.
2. **Commodity-Based Settlements:** In addition to currency settlements, Russia advocates for allowing commodities to be used in trade agreements. For instance, Russia might choose to accept rice from India in exchange for natural gas, reflecting the tangible value of goods. This offers countries the flexibility to use their resources to settle trade imbalances rather than accumulating foreign currencies, which may not always be beneficial. For example, while rice is useful and can be consumed, a foreign currency like

the Indian rupee might not always be advantageous if it fluctuates or is not widely needed.

3. **Flexibility for All BRICS Nations:** The commodity-based system is not limited to any one trade partnership. It allows for all BRICS members to settle trade agreements either in local currencies or by using commodities based on what best suits the circumstances of each trade deal. This could empower nations that are rich in natural resources but lack the reserve currencies needed for international settlements.
4. **Multilateral Clearing Mechanism:** Russia also proposes establishing a multilateral financial clearing system among BRICS nations, which would allow for trade to be settled directly between members without relying on Western-dominated financial structures such as SWIFT.

## Advantages for Developing Economies

- **Reduced Exposure to US Dollar Volatility:** Settling trades in local currencies or commodities reduces the vulnerability of developing nations to US dollar fluctuations and the policies of the Federal Reserve.
- **Increased Economic Sovereignty:** By freeing themselves from dollar-denominated debts and trade obligations, developing countries can reclaim more control over their financial systems.
- **Trade Flexibility:** Commodity-based settlements provide greater flexibility in structuring trade agreements, particularly for countries that may have abundant resources but insufficient currency reserves.

## Potential Challenges

1. **Commodity Price Volatility:** While commodities offer a tangible value, their prices can fluctuate significantly, introducing a different kind of volatility into trade settlements. For example, if the price of rice or natural gas drops after a deal is struck, the value of the exchange could be impacted.
2. **Logistical Costs:** The transportation, storage, and quality management of commodities involve additional costs compared to currency-based transactions, which could complicate large-scale trade agreements.

# The Belt and Road Initiative (BRI) and Its Impact on Global Trade

China's Belt and Road Initiative (BRI), known as **One Belt One Road**, complements the vision of a more balanced global trading system by reducing transportation costs and fostering connectivity between regions.

## Key Features of the BRI

1. **Six Major Land Corridors:** The BRI aims to connect China with Europe, Asia, and Africa through a network of land corridors linked by roads, railways, energy infrastructure, and digital networks. These corridors are designed to make the movement of goods more efficient, which will drive down costs and increase trade volumes.
2. **Maritime Silk Road:** The initiative also focuses on upgrading ports and maritime infrastructure, making shipping lanes faster and more cost-effective.

## How the BRI Supports the BRICS Trade Vision

- **Reduced Transportation Costs:** By improving infrastructure, the BRI reduces the logistical costs associated with transporting commodities. This makes the option of settling trade with physical goods more feasible and efficient, complementing the commodity-based trade framework proposed by Russia.
- **Enhanced Connectivity:** The improved road, rail, and port infrastructure will streamline trade between BRICS nations, allowing them to take advantage of the flexible settlement options that Russia has proposed.

## Would This Be a Fairer System?

The proposed shift away from a dollar-dominated global financial system to one based on local currencies and commodities is likely to create a fairer and more balanced economic landscape, especially for developing countries. The combination of Russia's BRICS proposal and China's BRI could empower developing nations in the following ways:

- **Reduced Dependency on US Economic Policy:** Developing nations would no longer be as dependent on the US dollar, protecting them from the volatility of US interest rate hikes and currency fluctuations.
- **Increased Investment in Domestic Infrastructure:** By keeping more of their wealth within their own economies, countries in the Global South would have more capital to invest in critical infrastructure and social services.
- **Greater Flexibility in Trade:** Nations could choose to settle trade agreements in whatever form is most convenient for them, whether that be local currency or commodities, enhancing their bargaining power and financial stability.

However, for Western economies, particularly the US, this would represent a loss of the financial advantages they currently enjoy. Reduced demand for the US dollar and diminished global influence of US financial institutions could lead to weaker economic leverage and higher borrowing costs.

## Conclusion

The current US dollar-dominated international financial system disproportionately benefits the US and Western economies while penalising the Global South. Russia's proposal, combined with the

infrastructure improvements brought by China's BRI, presents a path towards a more equitable system. A move to local currencies and commodities in international trade would offer developing countries more economic autonomy, reduce their dependency on Western financial institutions, and enable greater investment in their domestic economies. This shift, while challenging to implement, holds the potential to create a fairer global economy where wealth and opportunities are more evenly distributed.

See also:

- [mBridge project accelerates CBDC adoption amid global financial shifts](#)

# mBridge project accelerates CBDC adoption amid global financial shifts

## mBridge Overview

The mBridge project, supervised by the Bank of International Settlements (BIS), has attracted significant media attention as a transformative step towards the future of finance. This Ethereum-compatible blockchain features the mBridge Ledger, which allows smart contracts to automatically initiate financial transactions, seamlessly connecting digital wallets with wholesale central bank digital currencies (wCBDCs) across multiple nations.

As a cross-chain solution for CBDCs, which are usually built on separate distributed ledger technologies, mBridge has been a catalyst for international collaboration throughout its nearly four-year development. The project unites efforts from the BIS Innovation Hub and the central banks of the UAE, China, Thailand, and the Monetary Authority of Hong Kong, with Saudi Arabia recently joining. Over 26 countries have expressed interest in tracking mBridge's development, and at least three more central banks have joined the monitoring group this year.

mBridge's functionality has been tested successfully several times, notably on January 29, 2024, when the UAE sent 50 million digital AED (equivalent to \$13.6 million) to China using its digital dirham. The successful transaction further accelerated the UAE's digital dirham strategy, which was officially launched in March 2024. The UAE now plans to scale its use of mBridge by mid-2025, with an emphasis on expanding CBDC transactions with India, its primary trading partner, and preparing for the domestic launch of the digital AED.

## Global Impact and the mBridge Challenge

mBridge represents a significant step towards the practical adoption of CBDCs, particularly for countries like the UAE. However, a global challenge remains: finding a scalable niche where cross-border CBDC transactions can achieve rapid growth and adoption. Despite the technological progress, CBDCs have yet to make a major impact on world trade, where traditional systems like SWIFT still dominate, processing \$16 trillion in daily transactions.



The dominance of the US dollar persists, with SWIFT payments in USD reaching an all-time high, accounting for 48.03% of all transactions. In contrast, the US has resisted the development of its own digital currency, with the passage of the **CBDC Anti-Surveillance State Act** by the House of Representatives in May 2024, which could effectively block the launch of a digital USD if it becomes law.

Nonetheless, initiatives like mBridge, alongside similar projects such as Aber, Dunbar, and Mariana, hint at a future where central banks will increasingly rely on distributed ledger technology (DLT) to facilitate cross-border CBDC transactions. This future could be further propelled by the rise of artificial intelligence (AI) entities, which may eventually leverage these systems for international payments.

## AI, Crypto, and the Future of Finance

AI systems, increasingly independent from human oversight, may soon begin to play a larger role in the financial sector, including the use of cryptocurrencies and NFTs as their own form of currency. Already, AI's influence is beginning to disrupt traditional structures. Although current patent laws in the US and EU do not recognise AI as inventors, these systems could explore alternative registration methods using NFTs, bypassing legacy intellectual property systems.

As AI becomes more integrated into global finance, cryptocurrencies could become the financial instruments of choice for these AI entities, just as fiat currencies are for humans. Crypto transactions between AI entities could become routine, especially if pro-crypto leadership emerges, such as the potential election of a US president in 2024 who supports digital assets.

## Crypto's Role and Its Underestimated Potential

Some observers argue that cryptocurrencies have not yet fulfilled their transformative potential. However, this perspective overlooks the structural barriers that have been deliberately put in place by the global financial system. Cryptocurrencies pose a challenge to the pillars of traditional finance, and while initiatives like Bitcoin futures (launched in 2017) and Bitcoin and Ethereum ETFs (introduced in 2024) have integrated crypto into the world of financial derivatives, this has largely been to channel crypto into speculative markets, rather than to fulfil its original promise of decentralisation and financial autonomy.

## Conclusion: A Distributed Ledger System as a Modern Solution

The mBridge project and similar initiatives highlight the growing importance of distributed ledger technology (DLT) in modern finance. DLT, with its decentralised and transparent nature, offers a solution to many of the inefficiencies of the current US dollar-dominated financial system. By allowing central banks to transact directly through wCBDCs, bypassing traditional intermediaries like SWIFT, DLT could democratise international trade and financial settlements.

The adoption of a distributed ledger system presents a challenge to the existing system dominated by the US dollar and Western financial institutions. In the current structure, countries that trade with each other often rely on US-dominated systems, even when the US is not involved in the transaction. For instance, trade between Brazil and Turkey might still be settled through banks in New York or London. By contrast, DLT would allow countries to settle trades directly with one another, reducing the need for intermediaries and lowering the costs associated with cross-border payments.

In this context, the rise of blockchain-based CBDCs and DLT infrastructure could reshape the global financial landscape, offering a more equitable and efficient system. It would challenge the dominance of the US dollar and reduce the reliance on Western financial centres, potentially ushering in a new era of financial sovereignty for many nations. While the transition may be gradual, distributed ledger technology is poised to offer a modern solution that addresses many of the challenges and inefficiencies of the existing system.

See also:

- [The US Dollar-Dominated International Financial System and Its Impact on Global Economies](#)

# The Shifting Geopolitical Landscape: From the Cold War to Today

“In 1987, Georgi Arbatov, a senior adviser to the Soviet leader Mikhail Gorbachev, had warned: 'We are going to do a terrible thing to you - we are going to deprive you of an enemy.'”

This statement, made near the end of the Cold War, foreshadowed a profound challenge for the United States and its Western allies. Without the Soviet Union as a clear adversary, the global power structure was bound to shift in unexpected ways. Looking back, we see that the West quickly sought new adversaries, reshaping the world through a series of conflicts and geopolitical realignments. Today, with the war in Ukraine, the rise of China, and ongoing instability in the Middle East and North Africa, we are witnessing another era of profound uncertainty.

## The War in Ukraine: A Failed Proxy Strategy?

The war in Ukraine, now officially recognised as a proxy conflict, was meant to weaken Russia militarily and economically. Instead, Russia has emerged more resilient, strengthening its economy, deepening ties with China and the Global South, and reinforcing its military capabilities. Now, under Donald Trump's administration, the U.S. is shifting its approach, seeking negotiations with Russia to end the conflict. If successful, this could mark the beginning of a new geopolitical era—one where Russia regains strategic autonomy and reaffirms its status as a global power.

## The U.S. Strategic Miscalculation: Strengthening the Russia-China Alliance

A key mistake made under Joe Biden's administration was the simultaneous confrontation of both Russia and China, effectively pushing them into a closer strategic partnership. Zbigniew Brzezinski, in his book *The Grand Chessboard*, warned against such a scenario, arguing that preventing a strong Eurasian bloc was essential for maintaining U.S. hegemony. The outcome of recent policies has accelerated Sino-Russian cooperation, particularly in:

- Economic and energy deals denominated in non-dollar currencies.

- Military cooperation, including joint exercises and technology sharing.
- De-dollarization efforts and financial integration within BRICS.

The growing Russia-China alliance represents a serious challenge to Western dominance, one that could have been mitigated by a different approach.

## Trump's Strategy: Detaching Russia from China?

Now that Trump has returned to office, his administration appears to be pivoting toward **engaging Russia diplomatically** to weaken its dependence on China. His likely approach includes:

1. **Negotiating an end to the Ukraine war**, possibly pressuring Ukraine into territorial concessions.
2. **Easing sanctions on Russia** to reintegrate it into Western markets and reduce its reliance on China.
3. **Reevaluating NATO's role**, potentially leading to a more independent European foreign policy toward Russia.
4. **Shifting focus toward China**, intensifying economic restrictions and geopolitical containment strategies.

This move aligns with Brzezinski's geopolitical logic: **divide and rule**—ensuring that neither Russia nor China becomes too powerful by keeping them at odds with each other.

## The Consequences of U.S. Foreign Policy in the Middle East and North Africa

Beyond Europe and Asia, the consequences of U.S. interventionist policies are deeply felt in the Middle East and North Africa. The 2011 NATO-led intervention in Libya, which led to the fall of Qaddafi, triggered mass migration flows into Europe. Similarly, interventions in Iraq, Syria, and Afghanistan created power vacuums that fueled regional instability and prolonged conflict.

## The Uncertainties Ahead

As Trump's administration moves to reshape U.S. foreign policy, several key questions remain:

- **Will Russia accept U.S. overtures, or is it now too deeply aligned with China?**
- **How will Europe respond?** Will countries like Germany and France push for better ties with Russia to restore economic stability?
- **How will China react?** Will it seek to counterbalance any U.S.-Russia rapprochement with stronger strategic moves of its own?
- **Will the U.S. maintain long-term stability, or will it seek a new enemy after Russia?**

Arbatov's warning in 1987 remains relevant today. The quest for a new enemy has shaped U.S. foreign policy for decades, and how the next chapter unfolds will determine the balance of global

power for years to come.