

The next empire

By Jeff Thomas, International Man, 4 Feb 2015

Throughout history, political, financial, and military leaders have sought to create empires. Westerners often think of ancient **Rome** as the first empire. Later, other empires formed for a time. Spain became an empire, courtesy of its Armada, its conquest of the New World, and the gold and silver extracted from the West. Great Britain owned the 19th century but lost its empire due largely to costly wars. The US took over in the 20th century and, like Rome, rose as a republic, with minimal central control, but is now crumbling under its own governmental weight.

The collapse of an empire

Invariably, the last people to understand the collapse of an empire are those who live within it. As a British subject, I remember my younger years, when, even though the British Empire was well and truly *over*, many of my fellow Brits were still behaving in a pompous manner as though British “superiority” still existed. Not so, today. (You can only pretend for so long.)

But this does suggest that those who live within the present empire—the US—will be the last to truly understand that the game is all but over. Americans seem to be hopeful that the dramatic decline is a temporary setback from which they will rebound.

It’s replaced by a rising power

Not likely. Historically, once an empire has been shot from its perch, it’s replaced by a rising power—one that’s more productive and more forward thinking in every way. Yet the US is hanging on tenaciously, and like any dying empire, its leaders are becoming increasingly ruthless, both at home and abroad, hoping to keep up appearances.

Warfare is often the death knell of a declining empire—both in its extreme financial cost and in its ability to alienate the peoples of other countries. In the new millennium, the US has invaded more countries than at any other time in its history and appears now to be in a state of perpetual warfare. This is being carried out both militarily *and* economically, as the US imposes economic sanctions on those it seeks to conquer.

Allies now counter the US

This effort has become so threatening to the world that other major powers, even if they do not have a history of being allies, are now coming together to counter the US.

The US is encouraged in its effort by an unnatural alliance between the countries of Europe. Although Europe is made up of many small countries, often with dramatically differing cultures, who have bickered with each other for centuries, the European Union has cobbled them together into an ill-conceived “United States of Europe.”

Although the relatively new EU is already clearly stumbling and is on the verge of fragmenting, their leaders are desperately attempting to hold the unlikely alliance together with the help of the US. Meanwhile, the other major powers of the world are going full steam ahead to ensure that, when the US and EU reach their Waterloo, the rest of the world will carry on independently of the dying empire.

They are not merely waiting along the sidelines for the collapse to come, awaiting their turn at the top of the pecking-order. They are actively preparing their position to, as seamlessly as possible, take the baton at a run.

The End of Dollar Hegemony

Since the Bretton Woods Conference in 1944, the US dollar has reigned supreme as the world's default currency. In 1944, the US held more gold than any other country, but in 1971, the US went off the gold standard, and since then, the dollar has been a fiat currency. The US has become increasingly cavalier in its abuse of the dollar—often at the expense of other countries.

Russia and **China** dealt with the latest round of strong-arm tactics by the US to adhere to the **petrodollar** by creating the largest energy agreement in history. This and all trade between the two countries will be settled in the ruble and the yuan. Russia has since been active in creating agreements with other fuel customers, also bypassing the petrodollar.

In creating these agreements, the Asian powers have unofficially announced the demise of the petrodollar. For decades, the US has applied its muscle to other countries, using the petrodollar. So, the Sino-Russian agreement stands, not only to end the petrodollar monopoly, but to create a decline in US power over the world, generally.

A New SWIFT System

Presently, the vast majority of economic transfers in the world pass through the SWIFT system, located in Brussels but controlled by the US. In recent years, the US has barred, or threatened to bar, other countries from the SWIFT system, effectively making it impossible for banks to transfer money and, by extension, causing the collapse of their banking systems. Russia has responded by creating its own SWIFT system.

It's entirely likely that, if Russian trading partners, such as **Iran**, are barred from the use of the Brussels SWIFT (or even threatened to be barred), Russia would extend the use of its SWIFT to them.

The creation of a second worldwide SWIFT would effectively remove the SWIFT threat from the US bag of tricks as an economic weapon. As long as Russia provides an effective money transfer service and does it without the intimidation that the US employs, it's predictable that other countries would flock to the new system, in preference to SWIFT. Once other countries are fully on board, the US would have no choice but to interface with the new system or lose trade with those countries.

A New Central Bank

In recent decades, China and Russia have been expanding their economic powers dramatically and have periodically complained that their seats at the IMF table are unrealistically low, considering their importance to world trade. In 2014, China officially replaced the US as the world's largest economy, yet the IMF has consistently sought to minimise China's place at the table.

It would seem that the West believes that it's holding all the cards and that the Chinese and other powers must accept a poor-sister position, if they are to be allowed to sit at the IMF table *at all*. The West somehow does not seem to recognise that, if frozen out, the other powers have the ability to create alternatives. As with the SWIFT system, the Asian powers have reacted to US overreach, not by going away licking their wounds, but by creating a second IMF.

The Russian State Duma (the lower house of the Russian legislature) have now created the New Development Bank. It will have a \$100 billion pool, to be used for the BRICS countries. Its five members will contribute equally to its funding. It will be centered in Shanghai, India will serve as the first five-year rotating president, and the first chairman of the board of

directors will come from Brazil. The first chairman of the board of governors is likely to be Russian Finance Minister Anton Siluanov. It's therefore structured to be truly multinational.

A complete second economic world

In creating all of the above entities, the BRICS will, in effect, have created a complete *second economic world*.

In the latter days of the British Empire, we Brits seemed to be under the illusion that, even as our power base crumbled, we might somehow retain control by threats and bluster. The UK was utterly wrong in this and only succeeded in alienating trading partners, colonies, and allies by doing so.

The same is happening again today. China, Russia, and the rest of the world, when faced with American threats and bluster, will not simply fold their tents and accept that the US must be obeyed. They will, instead, create *alternatives*. And they are doing so exceedingly well and *quickly*. At this point, the overreach of the US is not only enabling other powers to rise, it is forcing their hand to literally create the next full-blown empire.