# US dollar weaponised as tool of compliance and geopolitical influence



The Irish News (Belfast) has reported on the evolving role of the US dollar in global geopolitics, highlighting how it has been increasingly weaponised as a tool of compliance, punishment, and hierarchy. Over recent weeks, finance commentator Peter McGahan has been examining the diminishing dominance of the dollar and the implications this holds for individuals and nations alike.

In the latest installment of his series, McGahan details how countries and wealthy individuals have been actively moving away from reliance on the US dollar to safeguard their assets amid rising geopolitical tensions and economic sanctions. He points to the strategic preparations by Russia and other nations since 2014 to reduce their dollar exposure. This has included creating alternative financial systems, stockpiling gold, and building frameworks to circumvent dollar dependency.

The weaponisation of the US dollar, McGahan notes, is not a new phenomenon but has deep historical roots tracing back decades. Examples include Iran since 1979, Venezuela, and prior instances such as Saddam Hussein’s attempt to price oil in euros and Muammar Gaddafi’s ambitions for a pan-African gold-backed currency. Both figures faced military interventions soon after their moves, illustrating longstanding geopolitical entanglements with currency sovereignty.

Historically, the US dollar held a position of "exorbitant privilege," allowing the United States to issue the global reserve currency, influence worldwide interest rates, and finance deficits with minimal risk of collapse. This privileged status relied heavily on widespread trust in the dollar’s political neutrality and stability.

However, that trust suffered a significant blow in 2022 in response to Russia’s invasion of Ukraine. The United States and its allies froze more than $300 billion of Russian central bank reserves held in Western financial institutions. Such an action had not been seen since the Cold War era, raising alarms throughout the world financial community. Numerous private assets belonging to Russian oligarchs, including high-value yachts, mansions, and jets held abroad, were seized without judicial proceedings, suggesting that asset protection was now subordinate to geopolitical considerations.

McGahan explains that this development sent a clear message to global elites: ownership of money and assets is conditional and subject to political will. Wealthy individuals from the Gulf, Africa, and Southeast Asia who had previously stored their fortunes in Western banks to shield against domestic instability now question whether these institutions remain safe.

As one cited analyst told The Irish News, "the moment they froze Abramovich, they told the world: legality is no longer protection. Politics is."

Further illustrating this shift, the Bank of England’s 2019 refusal to return $1.9 billion of Venezuelan gold to the Maduro government due to Britain’s recognition of opposition leader Juan Guaidó underscored how political allegiances take precedence over legal or financial norms. This incident convinced many in the Global South that sovereign wealth could be withheld as a political tool, eroding long-standing trust.

Consequently, McGahan asserts that the US dollar is no longer perceived as merely a global currency but as an instrument of compliance, heavily tied to US policy. Countries and individuals face the choice to align politically or risk asset seizure and exclusion from the financial system.

This turning point has accelerated "dedollarisation," portrayed as a form of monetary self-defence rather than solely an economic strategy. While the dollar is not collapsing, its global flow is being diverted as nations seek alternatives that escape Washington’s influence. New financial pathways are emerging, altering the established monetary landscape.

McGahan concludes by noting that many nations are quietly constructing financial systems to reduce their dependence on the dollar. He suggests that the coming future will involve a world where the dollar’s influence is more circumscribed, marking a significant shift in the global economic order.

The analysis will continue in the following part of McGahan’s series next week.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://geopoliticaleconomy.com/2025/01/12/michael-hudson-us-weaponization-dollar/> - This article corroborates the concept of the US dollar being used as a weapon in geopolitical strategies, with economist Michael Hudson arguing that this approach drives countries away from the dollar. It also touches on the historical context and implications of using economic sanctions.
* <https://www.brookings.edu/articles/the-changing-role-of-the-us-dollar/> - This article supports the notion that the US dollar plays a significant role in global trade and finance, highlighting its use in 54% of foreign trade invoices globally as of 2022. It discusses the changing dynamics of the dollar's role in global economics.
* <https://moderndiplomacy.eu/2025/02/19/weaponization-of-dollar-the-growing-trend-towards-de-dollarization/> - The article explains the weaponization of the dollar as a tool for imposing economic sanctions, contributing to the trend of de-dollarization. It supports the idea that countries are moving away from the dollar due to geopolitical tensions.
* <https://www.statestreet.com/us/en/asset-owner/insights/what-does-the-weaponization-of-global-finance-mean-for-us-dollar-dominance> - This article discusses how the weaponization of global finance impacts the US dollar's dominance, highlighting its central role in trade invoicing, credit expansion, and as a reserve currency. It analyzes the implications of using the dollar as a geopolitical tool.
* <https://faisalkhan.com/2024/07/10/weaponizing-the-us-dollar/> - The article explains the concept of weaponizing the dollar, detailing how it involves economic sanctions, control over international payment systems, and secondary sanctions. It discusses the impact on countries targeted by sanctions and global trade partners.
* <https://www.brookings.edu/series/global-economic-governance-initiative> - This source provides broader insights into global economic governance, which supports the context of how nations are reacting to the weaponization of the dollar and the shift towards de-dollarization. It offers a framework for understanding the complexities of global economic dynamics.
* <https://www.irishnews.com/life/personal-finance/how-the-dollar-became-a-compliance-mechanism-and-why-billionaires-and-governments-are-moving-away-from-it-EHP6HVVYLVBPVBUEA46J7TYMGI/> - Please view link - unable to able to access data