

Economics and Empires

The big picture



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I. Economics and Empires: The Big Picture

Introduction

This article aims to give you all the background information you need to understand what is going on currently regarding economics. Since economics determine whether a nation will be prosperous or not, I regard this article as the most important of my introduction series. It gives the bigger picture why wars are being fought and governments overthrown.

You will also learn why Ukraine is only a bit player in the economic struggle between the present world powers over the economic world system, which pits the emerging multipolar world against the current hegemonic unipolar world.

Since I'm going to cover a variety of topics in this article, I won't be able to go very deep into each topic, but I will be able to go deeper in additional articles.

One more thing: I will be covering a lot of topics in economics, which can be a daunting subject, but I will simplify it as much as I reasonably can.

Background

Preconditions

The world was divided by two systems/ideologies during the Cold War (approximately 1945 to 1990), the Soviet sphere of influence and the Western sphere of influence.

The West was following the market economy system. Therefore, all integrated nations could do business with each other according to the corresponding rules.

The Soviets were following the socialist/communist system, represented by the centrally planned economy. It ensured, at least in theory, every village a share of work and wealth of the whole system.

Both systems have significant advantages and disadvantages, which I won't discuss here. There are books written about this topic that could fill whole libraries.

Collapse of communism and socialism in Europe

From the beginning of the 1990s, the Soviet Union, and thereby her connected European socialist countries, began to fall apart. Yugoslavia disintegrated over a period of ten years until it eventually was bombed and collapsed by NATO in 1999 and 2000.

The collapse of the socialist planned economy left behind a huge gap. Most of the cities, villages and towns had their own factories, where they produced for the whole system what was determined by the central planners for them to make. Now that there was no connected socialist system in place anymore, there was a huge problem for all these factories. Where to sell their goods? The assigned and connected markets were gone. Where to get resources? The assigned and connected purchasing markets were gone.

The consequence was that most of these factories closed, and the people were thrown out of work. You can still see today the former major communist factories empty, abandoned, and rotting in most former socialist/communist countries in Europe.

Markets

The market economy is all about markets, as the name indicates. Add capitalism to it, and you get the Western system, which is the competition between the connected economies to capture as much market share in the connected system as possible. In a

developed capitalist system, all market shares are already owned, and the competitors are mainly struggling for slightly higher growth rates.

Since the collapse of the European socialist system, a new situation arose. People still needed goods and industries still needed commodities to meet the demand, but since the markets had disappeared, the industries weren't able to compete with their Western counterparts. As a result, the Western countries no longer had to compete against each other for higher growth rates but could open and capture whole nations as new markets and new commodity sources.

This golden period of the West capturing former communist economies continued until approximately 2018. (You might disagree with the exact year, but that doesn't play a big role in the bigger picture.)

Exploited markets

The Western countries and their factories began to run full steam to fill the new countries with Western products and capture their resources. Mostly, the big Western exporting nations (the United States, Germany, France, Italy, Britain, and Japan) benefited from this. The stores and shelves in the former socialist countries in Europe were filled with Western goods. Western automobiles and machines took over.

To be able to ship all the goods to these nations, many infrastructure programs were started. These programs, including new roads, rails, bridges, waterways, docks, utilities, etc., were sold to the people as development. However, these developments mostly served the West in their efforts to ship Western goods into these countries and receive commodities and cheaper manufactured goods from Western companies residing in those countries.

Growth

In capitalism and the market economy, growth is everything. Western economies rely highly on loans, which are made affordable or unaffordable by their interest rates. Therefore, it is essential that they have growth rates at least as high as the interest rates that they are paying on their debts. Otherwise, the real growth would be either zero or negative.

Due to the opening of the Eastern European countries and the following occupation of their markets, the West assured themselves almost three decades of steady and relatively high growth rates and thereby prosperity.

Heartland theory

I highly recommend reading about this theory in detail. There are plenty of resources on the internet. The theory was created by Halford Mackinder in the first decades of the twentieth century. I will just touch on some aspects of it, which are needed to understand the following chapters.

Mackinder distinguished between land and sea powers. To understand why he did this, and to understand many geopolitical developments since then, we must understand the following. Mackinder also defined the Heartland as the main “island” of the world. It is the combined landmass of Europe, Africa and Asia. If the countries of this Heartland would work together, they would be prosperous and less vulnerable to attack from the powers in other “islands” or continents. The Heartland has the most important resources and the biggest population. Everything one needs to succeed.

If you are a power that is not part of the Heartland, then you need to do everything you can to disrupt the cooperation of the Heartland countries. Otherwise, as a sea power, you would have little economic chance to capture Heartland markets. You wouldn't be able to disrupt trade between Heartland nations since it could be developed on land routes. If all countries of the Heartland are collaborating, working together and developing trade relationships, they need little else for prosperity. If they aren't united but rather are divided or hostile, they would need to make most of their trading via sea routes.

Considering this, we could think of some certain sea powers who have attempted to interrupt the Heartland's land-based trading: the United States, Canada, Britain, New Zealand and Australia. The Five Eyes. Of course, they want to, at least, participate in trade with the Heartland since it is the biggest market, but they instead try to dominate and control it. Most of the sea routes are dominated by the states of the Five Eyes.

I don't want to go too deep into this, but I want to encourage you to think about most geopolitical events, happening in the last several (maybe three) centuries, with this in

mind. You will see exactly the divide-and-conquer strategy of certain nations.

Yet, there is the approach to implement the Heartland system, mainly by China. Many other nations participate, but the main driver is China and the name is “Belt and Road Initiative” or the New Silk Road. This is the approach to develop transport infrastructure by land from China all the way to Portugal. All nations of the Heartland, including Africa, could trade freely without having to fear interruptions from sea powers.

This, of course, is perfect for the nations of the Heartland and a nightmare for the sea powers.

I will leave you to develop your own thoughts on this. I won't reference the Heartland further, but you will recognize throughout the article the spirit of its struggle to become.

Growth

Growth is the big challenge of most economies. It is needed to achieve prosperity. And if you already have prosperity, you need growth to keep it. To grow, you need to produce and sell more goods and services than you did last year. To produce and sell more, you need people to buy it.

Where do you find people to buy it?

I see three options:

- For the population of your country, or in the markets to which you have access, to grow. More people need more goods.
- For the people of your country, or in the markets you have access to, to get wealthier so they can buy more and better goods.
- Getting access to new markets. How can you do that?
 - Conquer another nation by force.
 - Replace the current government with a compliant one.
 - Establish mutually beneficial trade agreements, negotiated peacefully.

If your economy doesn't grow, or grows less than the prime rate is set, then it effectively decreases. Hence, the goal of every country is to have at least a real increase of growth.

This is especially important for developing countries. They have a huge human potential, which is underdeveloped, for consumption. If most of your people are poor, they cannot consume. The goal is to develop this poor part of the country so that the people there can participate in work and consumption. That's why countries like China have huge growth rates. They have huge populations, but most of the people are poor. As millions of Chinese people find jobs in new factories, thereby getting access to increased income, they can start to consume goods as well. This will produce growth.

Western countries are almost fully developed. Which means, at least in theory, that everyone who wants to work has the possibility to work, and thereby to participate in consumption. And most people are participating. So, growth in these developed countries is almost solely possible through the following options:

- Bringing more people to work. Hence, reducing the unemployment rate.
- Increasing the rate of working women.
- Increasing the quality of the work that is being done.
- Bringing in more people that are generating growth, such as qualified migrants who are willing to work.
- Exporting goods to new markets through the three options I mentioned above.

What do we learn? Either we find ways to grow, or we go down. The ways we go down are innumerable and explicitly contain violence and the death of whole nations and its people. This is not my opinion or wish, but a reflection of history.

I personally believe that if the Heartland could be sealed off and the sea powers locked out, that calmness and stability could come. The nations could develop peacefully and in mutually beneficial ways. Nevertheless, I want to highlight that I am not advocating for excluding any countries out of trade or anything else. But I do wish that such cooperation could be developed peacefully and without pressure and blackmail.

Scarce resources

Centuries ago, people started to think about the sustainability of the processing of scarce resources. Back then, the biggest problem was wood. How to lumber more wood, then plant new wood, so that:

- Everyone has a fair share of the scarce resource.
- Future generations have the possibility to have wood as well.

Well, things didn't change. We have the same problems today. The world is developing quickly, and the population is growing. What implications relate to this?

- More people need more resources.
- The same number of people, that are developing (getting better jobs and thereby a higher salary), need more resources than less developed populations.
- Even shrinking populations can have increased demands for resources if they develop ever more.

Let's put this into perspective. There are more people than ever worldwide. Not only are the Western powers privileged to develop and be prosperous, but other nations are demanding this right as well. Rightfully. Overdue. The less developed nations have a far greater share of people than the developed nations. And the developed countries demand, through new technologies, even more resources than they did before.

Conclusion: The demand for resources worldwide is increasing exponentially.

To be able to give all people access to prosperity and modern commodities, the producing nations need access to cheap and reliable resources. The Western powers had this access through colonialisation. Moreover, through forcing the world economy to trade most resources and goods by sea, and at the same time having control over the sea, the Western powers had control over the world trade and economy as well. Remember: Divide and conquer the Heartland.

Everything changed when the Western powers decided to outsource the production and the corresponding industries to the less developed countries. The Western powers benefited from:

- Cheap labour.
- Cheap resources.

The resources are, in most cases anyway, located in less developed countries. So, the industries can process the raw materials in their own countries and ship the finished commodities to the West.

I'm not sure whether it was a lack of long-term planning over the past few decades, or the West simply didn't anticipate that these "extended workbench" countries could develop an own will and industry and thereby lose their dependence on the Western powers by developing their own markets worldwide.

So, here we come to the problem that the West is facing today with regards to resources. Worldwide, there are exactly enough resources for the worldwide demand. To be more precise, there is exactly that amount of processing and mining capacities. As discussed above, the demand for resources is ever-growing because of the growth and development of the world population. Therefore, the processing and mining capacities are increasing to meet these demands, but this is a slow process.

I'll continue to discuss this issue later in the "sanctions" chapter.

Labour

The other production factor is "labour". You need both labour and resources to produce commodities. I know I'm oversimplifying things here, but I want to make sure that everyone understands me and not just economic scientists.

Western governments need their populations to earn high salaries to be able to buy plenty of commodities and luxuries to keep them in line, no matter what the Western governments are doing in terms of foreign policy. As long as you are well entertained, fed and supplied with everything you need, you will likely never complain about the rest of what's going on in the world.

To be able to pay the Western workers' high salaries, the work they do must have a high added value to the finished product. However, a highly-paid Western worker cannot do work without significant added value since such salaries would eat up the profit margin. This less valuable work was sourced out by the West to less developed countries where the salaries are very low. In Western terms, almost nothing. So, the

raw materials and pre-products are processed in the less developed countries and shipped to Western factories for finishing or final assembly.

People in these less developed countries (I hate the terms “second and third world”) don’t participate in the yield that is generated out of their work. But the Western workers are profiting greatly from the labour of these workers.

I don’t want to go into detail here, as it would be a book on its own. We could call it exploitation. But we can take the official name for this, which is now following.

Globalization

The official name is globalization. One can consider it as a new form of colonisation. The most developed Western industrial nations gained access to cheap resources and labour. By keeping these countries underdeveloped, they could serve as the extended workbench for the West. How were they kept underdeveloped? By blackmailing, bribing, corruption, threats, and military action. Some few exporting nations, most of them Western, benefited from globalization. Of course, there are also some non-Western countries benefiting. But most of the world needed to stay poor, so that the developed countries could be rich.

This couldn’t go on forever. To use these countries as an extended workbench, you would need to develop an industrial base there so the workers could produce. You would need to keep the government under control to ensure that all your investments wouldn’t be used to benefit other (unfriendly to the West) nations. China was both. The biggest benefit/chance and the biggest strategic mistake of the West, in terms of globalization. China had such a large potential and such a cheap work force that it was the logical nation to be developed as the main extended workbench for the West. After having reached a critical mass of industrial potential, China started to develop her own markets all across the world, particularly in markets that were under-served by the West, so she didn’t trigger aggressive reactions.

How did China do this? China started, from the 2000s onwards, to develop underdeveloped nations worldwide for trade, nations that were thoroughly exploited by the West for centuries: African, Asian, and South American nations. China started to build infrastructure, such as:

- Roads

- Railways
- Harbours
- Educational facilities, to educate the people for higher productivity work
- Mining
- Harvesting
- And many more

These are investments, bound by highly beneficial trade agreements, that allow trade with China as soon as the country and its infrastructure and people are developed enough.

One could say these agreements are mutually beneficial. Nevertheless, it is clear that China isn't doing this out of good will, but to develop ever more markets all across the world in order to earn money. This is in contrast to the Western model of keeping the rest of the world poor so that the West can prosper and live opulently.

I want to highlight, that although it sounds like I am advocating for the Chinese model, I am not advocating for one system or the other. Both have advantages and disadvantages. The Chinese model sounds far better, and it is. But basically it is replacing an aggressive and violent hegemon with a more diplomatic one.

Energy

If you have an industrial company and you're calculating prices, you first need to know your costs. I will oversimplify again for the sake of understanding. In the industrial sector, the biggest cost drivers are:

- Labour (Salaries of workers)
- Resources (Purchasing prices)
- Energy (All kinds: Power, oil, gas etc.)

Depending on what kind of industrial company you are running, the share of those three factors vary massively. But we need to remember, as I said, that the salaries in the West are very high in order to satisfy the people so they don't get any big ideas. You can't deprive them of an opulent lifestyle, since otherwise you risk being

overthrown. So, the only factors you can influence in the West, more or less, are energy and resources. I'll come back to this later, but keep it in mind.

If energy prices are going up for the West (as they currently are, massively), we have the following implications:

- Product prices are going up accordingly
- Energy-intensive industries can't keep producing, since their products would be more expensive than customers are willing to pay
- Inflation going up
- Logistics costs are going up massively
- People have less money for goods since they spend more on power and heating bills

(Note: Rising energy costs lead to a downward spiral that can't be controlled. Someone, though, considered it a good idea to convince Europeans to deprive themselves of cheap energy. This could be perhaps the historical milestone, which people will study for centuries hence, when Europe started to descend. After centuries of exploiting the world, Europe seemingly has decided to roll back all its achievements and to equalize itself with the rest of the world. The process will, however, be very painful for its citizens. As long as Europe persists in its ideological hatred of the Heartland, it will not have access to cheap resources from the emerging multipolar integrated markets. Instead, it will be dependent on resources provided by a higher price within the much smaller American-controlled economic sphere.)

Germany and the EU

Germany is the EU and the EU is Germany. Since Germany is the biggest producer and exporter of the EU, we can assume that most of the other nations of the EU are importers of duty-free German goods. If the West is exploiting the rest of the world, then, within the West in general and within the EU in particular, Germany is exploiting the EU in a miniature version of Globalization.

This in turn means that most of the other nations depend on Germany for their prosperity, although not all the other EU nations are prosperous.

If a foreign power would like to bring Europe to its knees, it would need only to do that with Germany. The other nations would subsequently collapse.

If a foreign power would like to bring Europe under its control for geopolitical or economic reasons, then it would need to bring Germany under control. And it would have control over Europe and a huge influence over the EU.

From my point of view, both scenarios are being implemented, currently and simultaneously:

- The United States already has full control over the EU and Germany, and thereby over Europe. But since a new world order is emerging, where it will lose many former markets, it needs to consolidate, to buy time. Therefore, Europe is currently being sacrificed. The US is trying now to implement the second scenario mentioned above: to bring Germany to its knees by depriving it of cheap energy. As an industrial nation, this will be Germany's death kiss, at least for Germany as an industrial state. In the process of collapsing Germany's industry, the German industries are relocating to the US, a double-win for the US. The last and third win for the US is the disappearance of the biggest competitors for global markets, namely Germany and the EU. Now the former German and EU markets can be captured by the US and their Five Eyes friends, or at least they will try. All three wins combined gives the United States enough time to orient itself within the new circumstances in the world.
- Russia, for its part, would like to preserve Europe, not as the EU, but as single states. Russia would prefer to make separate bilateral agreements with each European state based on their possibilities. This would be a win-win situation, for both sides. Therefore, I assume that Russia is trying to slowly choke Germany down without completely severing all economic and energy ties. I believe that Russia wants to let the European nations live, but to bring them to the point where the people would seize power and end the American influence and restart negotiating peace and new mutually beneficial economic and trade relationships, thereby freeing Europe from the American occupation, at least in economic terms.

Inflation

Again, I will simplify my explanations here, so it is understandable.

Inflation is when prices are going up and your salary stays the same. Or, your salary goes down and prices stay the same. Bottom line is, you can buy fewer commodities with your salary than before. Your money has lost value.

We can distinguish two types of inflation:

- Inflation, that is triggered by national circumstances. For example, the central bank increases money and credit, which increases the amount of money in the economy, chasing the same amount of goods. Prices rise as the purchasing power of the money falls. To get this spiral under control, central banks usually raise interest rates and thereby remove money from the economy.
- Imported inflation. If you depend on critical foreign commodities, resources or energy and the prices of these are increasing, then the prices of all subsequent commodities are rising as well. People then consume less, and companies go out of business since either they are selling far fewer goods or their production costs are rising, or both. This kind of inflation can't be stopped by increasing prime rates. It can't be stopped at all. In former days this would trigger a war, to secure critical resources. The problem here is, both countries, Russia and the US are not militarily reachable by Europe.

We can conclude that unless Europe ends the American occupation and restarts normal relations with Russia, it will go down as an industrial continent. The EU likely won't do this unless and until the pain dial increases for the European citizens.

The role of the Dollar

The United States is acting as a global empire. It uses its currency to keep most, if not all, of the world under its control. But how does it actually work?

I will split my answer. It'll be answered with the following three chapters, "Gold", "Reserve currency", "Saudi Arabia" and "Sanctions". I will start my answer in this chapter with a very important fact.

Every country needs access to cheap energy, as I've already explained. Most energy products, like oil or gas, are being priced and traded in dollars. You can use the dollar for trade whenever you want, as long as you are not sanctioned by the United States. If you do not have access to dollars, you will have massive problems to buy commodities and energy that are being traded in dollars. Yes, there are several

workarounds which countries like North Korea or Iran are using. But it is far more complicated and, as far as the “rules-based order” is concerned, illegal. This system is called also “Petrodollar”.

Now, one can imagine why countries like Germany need to follow all orders by the US, even though they are not being threatened with bombing or invasion. Being excluded from the dollar system is similarly devastating.

The US is spending approximately 800 billion dollars annually on defence. This is far more than they can afford. For this, the United States needs to go into debt. To do this, the US is issuing state bonds. The whole world is buying them since they are (WERE!) reliable and usually have good return on investment.

Moreover, your country needed to have huge amounts of dollar reserves to be able to buy dollar-denominated commodities and energy. For some decades this worked well. But several years ago, the US started to use those reserves as a weapon and would seize or otherwise sanction them if its commands weren't being followed.

Gold

Gold was used for centuries to determine the value of your nation's currency for international trade. If one unit of your currency X is worth, for example, one ounce of gold, then you can compare it to one unit of currency Y and its gold value. Thereby, you can start trading since you always know, let's say the gold value of your good and how many units of your corresponding currency you need, to pay for it.

This system of trading in gold-backed currencies was called the gold standard. (Again, I'm oversimplifying just to make sure readers understand. If you have questions, feel free to ask me in the comments section.)

Reserve currency

Nevertheless, near the end of World War 2, the gold standard was essentially abolished and a new economic system was organized at the Bretton Woods conference, which put the gold-backed dollar in the place of gold. However, Bretton Woods ended in 1973 when the US removed the gold backing from the dollar. Ever since, all currencies are freely floating against each other on the market, more or less,

but due to the binding of the oil price to the dollar, one can still consider the dollar as the global reserve currency, similar to what it was under Bretton Woods.

As described already, you need to hold huge amounts of dollar reserves to be able to buy critical commodities and energy, or in most cases even to trade at all.

There are, of course, other currencies that are handled like reserve currencies, like the Euro, the Pound Sterling, or the Japanese Yen. But none has the meaning and power like the dollar since they don't have the Federal Reserve Bank and the American military behind them.

In 2009, the then-president of Russia, Dmitry Medvedev, presented a coin at a G8 meeting. He was hinting that this coin might become the new world reserve currency, which would be under no nation's control. The West laughed about it. Why would they abandon the dollar when they can control every nation in the world with it? I didn't have a clue, back then, how this could be implemented. Today, we see a clearer picture. I'll continue this in the BRICS chapter.

Since America is using its currency as a weapon and thereby losing ever more trust worldwide, ever more countries choose to trade in own currencies. Thereby they avoid being sanctioned by the US if the US doesn't like what they do. Now, you may ask why this process didn't start earlier? Mainly because there was only one system for international money exchange: the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system. It is located in Europe and thereby under Western control. If you didn't want to trade internationally in dollars, then you simply didn't have the technical means to manage it.

Since Russia was preparing itself for both a war in Ukraine in a microscope and for a multipolar world order (centered around the BRICS nations) in a macro scope, since 2014 onwards, it developed its own system for international currency exchange, where every nation can participate and trade in all currencies without exposing the trading data to the Americans. The system is called SPFS. I recommend you inform yourself about it. The Chinese have a similar system. It is called CIPS. Ever more nations will join those systems, or develop their own, to break free from the Dollar dictate.

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Sanctions

Having introduced all the basics, I can now write about sanctions.

Sanctions could work if you sanction goods that are not critical to the world economy. Especially not in quantities that are critical to the world market. I will simplify again, for the sake of understanding.

If the West sanctions a nation like Russia, which provides to the world a large share of many critical resources, then it is causing such a huge shock to the world economy that it must lead to a new system.

Let's take natural gas as an example. Russia is providing a huge share of gas to the world. As far as I am aware, Russia is the world's second largest gas supplier. Europe was importing approximately 50% of its gas needs from Russia. As I explained initially, the world is consuming exactly the amount of resources that are currently able to be extracted and processed.

What happens if Europe, for whatever reason, doesn't get any gas from Russia, going forward? Europe is (was?) an industrial continent, so it needs huge amounts of gas to sustain its industrial position. Well, Europe and the United States sanctioned Russia, and in the process (including the "coincidental" failure of Russian turbines, the Americans blowing up Nord Stream, etc.), the volume of gas deliveries to Europe from Russia dropped to almost zero, although some gas arrives from Russia through other channels.

America was always advocating, and now “helping” Europe, to abandon Russian gas and instead buy American gas. Autocratic gas versus democratic gas. Little joke 😊

Now such amounts of gas disappeared from the European market, that we need to remember, there are exactly that amount of resources available that are being consumed. Where to get the volume of gas that is now lost? In theory, if every other nation is still consuming the same volumes, and getting the gas from their current suppliers, there wouldn't be any gas left for Europe from other sources. Right? Right! That's what is going on. Europe, especially Germany (remember, Germany is the key to Europe), is struggling to get new sources of gas. But there are none.

Yes, Europe will get some American surplus gas. But it is not even close to what Europe needs. And, remember, Europe and America are in the free market system. How are goods priced in the free market? By supply and demand. By supply and demand. All other gas supplying nations rejected Europe, since there is simply not enough excess capacity. America is now the monopoly for additional gas to Europe. What a great opportunity, as Anthony Blinken, US Secretary of State, said recently. The Americans can now demand whatever prices they want from the Europeans. The Europeans need the gas to heat their homes and keep their industries afloat. America knows this and demands up to eight-fold price increases in comparison to Russian gas.

A small remark here. If Europe could manage to get gas from other suppliers, then it would maybe save the Europeans in terms of supply, but the gas deliveries are now diverted from other, most likely poorer, nations. And they still need that gas. Either they get it now from Russia, since Russia now has surplus gas, or they simply go down economically.

Now think back about the objectives of the Americans regarding Europe. And you will understand what is going on currently.

Okay, this was an example for gas. You can do the exact same example for all other resources from Russia, where Russia is the major supplier for the world economy. And Russia is a major supplier for many critical resources such as oil, aluminium, and many more. Sanction Russia and the world economy will get out of control. If the world economy gets out of control, it will be inevitable that a new system will rise.

What will the Western (self) sanctions lead to? As I mentioned, energy is the crucial resource to keep an economy prosperous. If you have very cheap energy, you can produce goods cheaply and have advantages in world trade. If you have expensive energy, you of course have disadvantages in world trade. The West, or at least most Western nations except America itself, deprived itself of cheap resources. Which means that then West's production costs will skyrocket, as they already are.

Nations that are friendly to Russia can get cheap Russian energy. Russia even provides it at a discount. This gives those countries a huge advantage over the West. These nations will rise.

Last thing to mention, for the first time in a long time, we will have now different prices on the world market for resources. The price for Russia-friendly nations, and the price for the rest. The friendly nations will have cheap prices, the other nations will have expensive prices. To date, there was essentially one price for gas or oil.

Saudi Arabia

Saudi Arabia played a huge role in the American world economy domination. As we discussed above, the price of energy determines how a nation develops and produces. In the 1970s, the United States essentially told Saudi Arabia that it can do as it pleases in the region but it needs to sell oil exclusively in dollars, and for the price that the Americans dictate.

Since Saudi Arabia is the world's biggest oil producer, and due to its leading role in the OPEC organization, it has major influence over the world economy by setting prices and by manipulating production rates. Since the United States controls Saudi Arabia, they also have control over Saudi Arabia's influence over the world economy.

In 2022, Saudi Arabia refused to follow American orders to bail the States out and significantly increase production. This would lower energy prices and save Biden's midterm elections. Saudi Arabia not only refused, but *decreased*, the OPEC+ production rates and thereby significantly increased the price for oil worldwide.

That's not all. Saudi Arabia, moreover, applied to join the BRICS organization. America is currently reconsidering its relationship with Saudi Arabia because of these actions.

BRICS

BRICS stands for Brazil, Russia, India, China and South Africa. All developing countries. Countries that were exploited and colonized by the West. Was Russia colonized? Yes, in the 1990s, after the fall of the Soviet Union. These countries built an economic alliance, officially to promote trade between each other, which was successful. But today, we see the real intent, which was in 2009 hinted at by Medvedev, when he showed the coin he said would be the international and independent reserve currency in the future. I will come back to this later.

The BRICS unite approximately half of the world's population, whereas the West unites approximately one billion, which is one-eighth of the world's population. The West is already, let's say, fully developed. The BRICS have most of the human potential and the resources under their control. And ever more countries are applying to join the BRICS. These four billion people and their economies can be developed and prosper by their own means. The West is no longer needed for their prosperity. At the same time, it is the worst-case scenario for the West if those people prosper. It would make the West no longer needed in global terms. It would be the downfall of the West. Of course, we see all kinds of attempts to stop this development.

Simply put, the West has already exhausted its development potential. The BRICS haven't even started yet. And BRICS has a far greater potential due to the possession of most important resources and a far greater population.

Economic development versus economic exploitation

Now we can make another conclusion:

The West is exploiting other nations for its own economic advantage, not taking care of the economic needs of the people of the exploited nations (with some exceptions, like China).

BRICS is developing its trade partners so they can have a prosperous trade relationship going forward. In some cases, BRICS even enables nations with ineffective state institutions to rise and develop and thereby unfold their whole economic potential.

I want to highlight something here. I'm not a sole supporter of the Chinese Belt and Road Initiative. Since, as already discussed, it would be, again, monopolar. Alternately, the BRICS concept brings many initiatives together to form a multipolar world order. Where no hegemons are needed. All nations can join and trade freely. Since the infrastructure of the Heartland is being developed, as we speak, it will be safe from outside interference from the sea powers/Five Eyes.

The United States

The United States is a great nation. And I assume that it will stay a great nation. But one among many, which is the definition of multipolarity. We need to hope that the US will be willing to give up its hegemonic position in the world without dragging the rest of the world into the abyss. This needs to be ensured by giving them the opportunity to participate as equal in the new multipolar world order.

For the time being, the US is sucking its vassals worldwide dry to prolong its hegemony and to transfer their industrial bases to the United States to reindustrialize, as opposed to Europe's deindustrialization.

If the United States manages to kick Europe out of global export markets, then it has a realistic chance to occupy these markets on its own. Most likely even with the same companies that are soon to be producing in the United States. As far as I can see, this seems to be the plan.

The American government spent most of its citizens' wealth over the last several decades on militarism and empire. A huge percentage of Americans are in the following conditions:

- Needing two jobs to sustain their lives.
- Having to pay back expensive student loans for a long time.
- Being homeless.
- Having to deal with deteriorating infrastructure.
- Having a bad health system.
- And many more.

I think the American people have a realistic chance, to get back control over their wealth and money, going forward, by joining the BRICS system. They won't need to sustain an empire and a ridiculously huge and expensive military. Most of this lost wealth can be reinvested into the people to generate new wealth and prosperity in the United States, based on their own work and not on exploitation of other nations due to imperial behaviour.

Many people will ask, how can the United States function prosperously, if they lose their empire? Well, that's too much to explain here. I may explain in a future article. But I gave all the hints already above. You only need to connect the dots. Moreover, I'll give an additional hint in the next chapter.

The Western Empire

The current American Empire, that is ruling, or at least had ruled, the whole world from the 1990s until 2022, is not an American Empire. It is the same empire that the British were maintaining for several centuries. America is nowadays the host of this same empire. It makes sense to have an island and a great fleet to maintain it, since an island is less vulnerable to attack, and a fleet can control the maritime trade routes. The British were fulfilling this requirement. But since the world grew bigger, with the development of both American continents, the host changed from the British to the United States in the twentieth century.

The Empire was guaranteeing its affiliates wealth. A commonwealth.

Yet, we can see the elites of commonwealth living richly, even though their citizens lost most of their wealth and standard of living.

Well, I already mentioned it, the Empire are the elites of the Five Eyes states. The current host is the United States. In former days, it was the British.

The objectives of this empire are the following:

- Keeping the elites rich.
- Keeping the people “wealthy enough” to not make problems.
- Keeping all other nations down, so that the empire can sustain its goals.

- Developing single other countries, if it is in the interests of the empire to achieve its goals.
- Divide and conquer.
- Maintaining power and influence.
- Protecting these objectives with a huge fleet and army.

NATO, the EU, Japan, Korea and some other meaningful American allies? They are NOT allies but vassals, some with more rights than others. They have the right to be developed, to keep their people happy, even though they are occupied by a foreign force.

The future

I can imagine three scenarios going forward. I'll try to list them here and assign probabilities to them:

1. Armageddon (10%):

The people in charge of the empire, and I do not talk about the government of the United States, could decide that if they can't maintain the empire anymore, then there should be no people anymore. This is, luckily, exactly the option that the Soviet Union didn't choose when it was disintegrating.

2. The empire (unipolarity) prevails (20%):

The empire is still very powerful. Single nations, even Russia, couldn't resist it. That's why all nations are awaiting what is happening in Ukraine before they openly resist the empire. As soon as Russia defeats the empire in Ukraine, I expect that all nations will, step by step, rise up and kick out imperial structures and join BRICS, the SCO, etc. Unfortunately, it is clear that some nations will be destroyed in this process. All are waiting for the other to start uprising. Some nations will need to be the first, and I can imagine that the empire will smash it, to show the others that it means business. Then the rest will join. Or not? I assigned 20% to the "Not" option.

3. Multipolarity prevails (70%):

Essentially this is what I was describing above in the economic part of this article. Many countries start joining the BRICS and the SCO and forming new international

organisations, which are not controlled by the empire, and so on. Peace in the Heartland.

You might think that 10% for Armageddon is a low figure? It is. But I want you, to imagine, someone gives you a revolver with 10 chambers. This person loads the gun with one bullet and makes you the offer to play Russian roulette. You need only to pull the trigger one time. If you are lucky, you get one million dollars. Would you do it? It is a probability of 10% to die or 90% to get a million. I certainly wouldn't do that.


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 eg Nov 28, 2022  Liked by Aleks
A slight quibble with respect to "the heartland." Overland transportation is far less efficient than waterborne transportation (it's just physics) so the availability and orientation of inland waterways are a constraint. Heartland powers will still likely need

ocean access and correspondingly strong navies to facilitate and protect shipping, if only along coastal destinations among heartland nations.

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Pedro845 Nov 23, 2022 ❤️ Liked by Aleks

Reading this made many "pennies drop" for me, thank you Aleks. I do wonder if the pandemic and climate alarmism is interlinked, fabricated to control or occupy the global population whilst the world resources are being harvested, split, stolen etc until the outcome of the uni versus multi polar system battle is established. Do you have an opinion on that at all?

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