



Written by [Alex Newman](#) on June 22, 2010

World Leaders Attack U.S. Dollar

The attack on the U.S. dollar as the world's reserve currency intensified over the weekend as French President Nicolas Sarkozy and Russian President Dmitry Medvedev openly discussed replacing the old global financial system with a new international monetary order.

"We are making plans for the future. We are talking about creating other reserve currencies, and we are counting on other countries to understand this," Medvedev told an economic forum in St. Petersburg late last week. "Even the use of two currencies as strong as the euro and dollar will not insure the world against problems," he added, promoting the Russian ruble as another potential alternative.



Last year, Medvedev was [promoting](#) a world currency, even displaying a "sample" coin bearing the logo "Unity in Diversity." And just this week, news reports claimed Russia was selling U.S. Treasury bonds and diversifying its currency reserves to be less U.S. dollar heavy. According to CNN, in just the first quarter of 2010, Russia [purchased](#) over 25 metric tons of gold.

At the same economic forum in Russia, French President Sarkozy also attacked the current financial system, saying world powers "should think together about a new international currency system" at the upcoming G-20 summit. He also noted that the world's financial system was "outdated" and should be replaced, according to a report by the Associated Press.

"We all need to think about the foundations for a new international financial system," the French leader said. "We've been based on the Bretton Woods institutions of 1945, when our American friends were the only superpower. My question is: Are we still in 1945? The answer here is, 'no.'"

Sarkozy called for closer cooperation between Russia and the EU, reminding everyone that the Cold War was over and pledging to hold more regular meetings to "coordinate" the nations' positions. He also said France would work with the Russian regime to end "offshore" financial havens and the "law of the jungle" supposedly governing the global economic system.

Other players have attacked the dollar-dominated system in recent months as well, including China, Brazil, India, and even the United Nations. "In the discussion about necessary reforms of the international monetary and financial system, the problem of the United States dollar serving as the main international reserve asset has received renewed attention," [explained](#) a report from the UN Conference on Trade and Development that proposed a frontal assault on free markets and a global reserve currency based on the International Monetary Fund's Special Drawing Rights.

China also [backed](#) a plan to use SDRs as a world currency to replace the U.S. dollar. In an essay published last year, the Chinese central bank chief promoted the idea that the IMF should issue the



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planet's reserve assets. There was surprisingly little opposition, even from U.S. officials.

In fact, last year, tax-dodging U.S. Treasury Secretary Timothy Geithner shocked international observers when he too expressed support for a world currency. He promptly backed away from his controversial remarks, saying that the dollar would continue as the global reserve currency for "a long time." But as the UK [Telegraph](#) put it: "The seeds of doubt have been sown."

The dollar has maintained its position as the dominant unit of exchange primarily because virtually all oil worldwide is traded in federal reserve notes (U.S. dollars). But with Russia, Iran, Venezuela, and other nations with tense U.S. relationships becoming ever more powerful in the energy exporting sector, that could easily change. Quickly.

The move toward regional currencies [accelerated](#) during this decade with the creation of the Euro. And despite some setbacks, other governments in the Middle East, Latin America, and elsewhere are moving in that direction as well. The move away from the dollar, when it comes, could be sudden and catastrophic.

Considering the financial fiasco in the U.S. — where former Federal Reserve boss Alan Greenspan recently [admitted](#) that the "federal government is currently saddled with commitments for the next three decades that it will be unable to meet in real terms" — it is hardly surprising to witness the increasingly bold calls for an end to dollar supremacy. Other nations are also bearing part of the brunt of wild U.S. spending and money printing, since inflation eats away the value of their dollar reserves.

In addition to the monstrous debt and obligations racked up by the federal government, U.S. monetary authorities have been printing money like it's going out of style — shoving it into the pockets of big banks and other special interests while [manipulating stocks, bonds, real-estate, precious metals, and money markets](#). The amount of new debt-money created by the Federal Reserve since the economic crisis began is already in the trillions, and could easily grow even larger if the economy continue to flounder.

Meanwhile, gold is soaring to record heights as investors, governments, and central banks seek a safe haven from battered fiat currencies. An analysis by The Daily Bell, a free-market media outlet that promotes Austrian economics, concluded that gold was "likely becoming a defacto, secondary reserve currency." The metal is currently hovering above \$1,200 per ounce.

Of course, the current global monetary system is totally unsustainable. It's [based on fraud](#). The question is what will happen when it comes down: true monetary reform and the implementation of sound money, or more tyranny and a global ponzi scheme based on fiat debt-money issued at the international level? The answer depends on how quickly the people of the world catch on to the central bankers' funny-money scam.



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