



Written by [Alex Newman](#) on March 1, 2012

Facing Sanctions, Iran to Sideline Dollar by Using Gold in Trade

"In its trade transactions with other countries, Iran does not limit itself to the U.S. dollar, and the country can pay using its own currency," Iranian central bank governor Mahmoud Bahmani was [quoted](#) as saying in state-controlled media. "If a country should so choose, it can pay in gold and we would accept that without any reservation."



Analysts said the move, officially announced Tuesday, represents another serious attack on the status of the already-embattled American dollar. While it currently serves as the global reserve currency — due mostly to its use in paying for oil on international markets — the Federal Reserve-issued debt-based currency is facing [increasing challenges](#) on several fronts.

Unlike most of the world's nations, which have [privately owned monetary authorities, such as the Fed, that are controlled by banking cartels](#), Iran has a [state-owned central](#) bank. More than a few [analysts](#) have [suggested](#) the Islamic Republic's relatively unique monetary system is actually one of the reasons Western belligerence toward the nation is growing louder.

Prior to the NATO-backed overthrow of strongman Moammar Gadhafi, Libya also had a state-owned central bank. The nation had massive reserves and no foreign debt before "regime change" arrived. But in the early days of the Western-backed rebellion, "rebels" promptly [established a new central bank](#) to replace Libya's existing monetary authority — sparking serious suspicions among analysts.

Gadhafi, whose government was sitting on huge stockpiles of gold bullion, had been seeking partners to [create a gold-backed currency](#) for the oil market that would have marginalized the U.S. dollar. Before the plan could come to fruition, however, Libya was aggressively bombed by international forces. NATO's rebels on the ground — [known terror leaders, former Gadhafi officials, Western special forces, and assorted Islamic extremists](#) — finished the job and executed the long-serving dictator.

Iraqi tyrant Saddam Hussein had also threatened to start selling oil in currencies other than the U.S. dollar. But that scheme was put on ice as well when U.S.-led military forces invaded and occupied the nation in 2003 — first under the guise of "weapons of mass destruction" and supposed links to terror, and later for the supposed purpose of "spreading democracy."

Western leaders have similarly accused the Iranian dictatorship of secretly developing nuclear weapons. Iranian officials claim its atomic program is for peaceful purposes, and while some analysts disagree, even the [U.S. intelligence community has failed to find any evidence of clandestine weapons development](#) in Iran.



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Despite the lack of evidence, however, Western governments have become increasingly belligerent, imposing a wide range of sanctions on Iran, its central bank, and even foreign institutions that do business with it. The value of Iran's fiat currency has plunged in recent months, even against other declining currencies. But with much of the world refusing to go along with sanctions, it is unclear how effective the efforts to punish the nation have been.

"Much has been spun in recent weeks to indicate that as a result of collapsing trade, Iran's economy is in shambles and that the financial embargo hoisted upon the country by the insolvent, pardon, developed world is working," [noted](#) the financial analysis site ZeroHedge. "We had a totally different perspective on things."

According to ZeroHedge's take on the situation, the Iranian regime is actually plotting to put the final nail in the dollar's coffin. "We [essentially said](#) that Iran, with the complicity of major trading partners like China, India and Russia is preparing to phase out the petrodollar: a move which would be impossible if key bilateral trade partners would not agree to it," it noted.

As *The New American* has documented extensively, [all of the governments ruling those nations](#) — and [many others](#), too — have [openly called](#) for an [end](#) to the dollar-based global monetary regime. And according to countless respected analysts, the [ultimate collapse](#) of the U.S. dollar *will* come eventually — it is only a matter of time.

Much of the so-called "establishment" around the world, and even in the West, has called for replacing the current monetary system with a [global fiat currency](#) managed by the [International Monetary Fund](#) (IMF). But no matter what happens, the notion of gold as currency is back in the headlines — especially now that Iran has openly said it will accept the precious metal in international trade and fiat currencies continue to decline.

"This is a confirmation of gold's status as a store of value, a universal currency," Permanent Portfolio Funds manager Michael Cuggino [told](#) the Bloomberg news service after the Iranian announcement. "It transcends national borders."

Another analyst, Wei Chishan with the Shanghai Metals Market, offered similar comments. "They are doing this because gold has always been viewed as an alternative currency," he [told](#) the news service. Even former Fed chief Alan Greenspan [acknowledged](#) as much during a recent conference.

In late January, numerous unconfirmed reports claimed India was [already working](#) to purchase Iranian oil — over \$10 billion worth — using gold bullion. And China was reportedly planning to follow suit.

"It shows the exodus from the dollar is gaining speed," [noted](#) precious-metals and currency trader Simit Patel on the investment analysis site Seeking Alpha. "With the major economies of the world facing \$7.6 trillion in bond payments due this year, I think the tipping point for a shift out of dollars and into a new monetary system backed by gold is not as far off as it may seem."

Even U.S. states have started to realize — albeit slowly — what is going on. Last year, for example, Utah made [gold and silver legal tender](#) within the state to prepare for a potential meltdown of the fiat dollar. And lawmakers [across the nation](#) are working on [similar efforts](#) as the [looming currency crisis](#) barrels ever closer.

While U.S. intelligence agencies continue to insist that Iran shut down its nuclear-weapons program, the belligerent Western rhetoric aimed at the Iranian dictatorship continues to grow. A "pre-emptive" military strike against the nation has been openly discussed for years by American and Israeli officials



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— and that option is still apparently on the table.

It remains unclear how successful Iran's apparent scheme to sideline the U.S. dollar and restore gold to the status of international currency might be. Some analysts have [said](#) the impact could be massive, while others [downplayed](#) the significance of the move. But the announcement is significant nonetheless.

As global [confidence](#) in the dollar continues to plunge in tandem with its purchasing power, countless world leaders have [called](#) for an end to the Fed's fiat global reserve currency. And if a market for oil priced in gold or other currencies develops, the destruction of the dollar could come quickly, plunging the U.S. economy into unprecedented chaos — likely bringing the global economy down with it.

What comes next, however, remains to be seen. If the establishment gets its way, analysts say "regime change" could come to Iran in the not-too-distant future — possibly prolonging the reign of the dollar, at least for a while. That could easily spark a [global conflict](#) involving China, Russia, Europe, and more. But the end result might very well be the world fiat currency long sought by that same establishment.

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