



The Repercussions of America's War on Iran: Is It a Restoration of the Dollar's Hegemony or Digging the Grave for America?!

(Translated)

The US dollar is arguably America's most effective strategic weapon in extending its global dominance, by imposing it as the currency of the global economy. The petrodollar policy was a decisive factor in consolidating and strengthening the dollar as the global currency, by linking it to oil, the lifeblood and engine of the economic cycle, both in production and consumption. This was achieved by pricing and valuing global oil in dollars. The 1974-1975 agreements between Nixon and Faisal bin Abdul Aziz Al Saud were the cornerstone of the petrodollar policy. The essence of the agreement was the sale of Gulf oil primarily in dollars in exchange for American military protection for the Gulf states and their regimes. This resulted in guaranteeing global demand for the US dollar and transforming it into a global currency, and a reserve currency for national treasuries and central banks. As for the Gulf States and other oil-producing countries, their oil dollars were recycled through endless arms deals, and the financing of the American deficit, under the guise of investment in US Treasury bonds, thus cementing America's dominance over the global economy through its dollar.

Today, with the Iran war, the closure of the Strait of Hormuz, the energy crisis, and Trump's strategic and military predicament in the face of a country classified as a Third World power and considered a middle power, burning questions arise along with analyses of the repercussions of the Iran war on the American-led international order and American hegemony.

The developments of the American war on Iran, the closure of the Strait of Hormuz, and the resulting crisis in energy, raw materials, and fertilizers have sent shockwaves through the international arena and the global economy. This has brought to the forefront burning questions about the repercussions of this war on geostrategic balances, the American-led international order, the international scenario, the global economy, and the implications for America as the leading power in the international arena and the architect of the international order.

Then came analyses of the repercussions of a US war on Iran. Some of these analyses were purely economic, focusing specifically on the financial and monetary aspects. They analyzed the energy crisis and its economic shock resulting from the closure of the Strait of Hormuz on major economies, particularly the US itself, Europe, and China, as major global economies. There was also a logical, mechanical analysis, detached from the complexities of the geostrategic arena, surrounding the war and Trump's predicament due to his failure to replicate the Venezuelan scenario in Iran, decisively win the war, and close the Iranian issue. Contrary to American expectations, the war veered in directions contrary to the Trump administration's objectives and entered a phase of strategic decay as its duration dragged on. However, these analyses relied on the initial economic indicators of the war, such as the rising dollar index and increased energy prices for US oil and gas producers. From this, it was concluded that the beneficiary of the war and the energy crisis was the US and its restored dollar, while Europe and China were harmed to varying degrees. The logical, mechanical conclusion, based on the petrodollar equation, was that the energy crisis and its economic shock were a supporting factor for the restoration of the dollar's strength and dominance, and with it, American hegemony. However, the geostrategic and strategic complexities and shortcomings that have accompanied the Iran-Iraq War, now entering its second month, necessitate a reassessment of the situation. This reassessment must consider the emerging and evolving circumstances, the long-term geostrategic dimensions, and even delve into the realities of the short-term economic consequences for the American economy, the American state, and American society. Above all, it is crucial to acknowledge the strategic and geostrategic predicament resulting from the military and strategic failures and the predicament Trump and his administration have created in managing the war against Iran.

The strategic and geostrategic predicament resulting from the military failure of Trump's campaign against Iran constituted a pivotal historical moment, testing the limitations of the American military power that the US believed it possessed. American bases in the Gulf became vulnerable targets, and satellite images revealed the evacuation of several bases due to Iranian strikes. The war also exposed the strategic drought currently afflicting America and the strategic blindness of Trump and his administration. The closure of the Strait of Hormuz was not a strategic anomaly but rather anticipated and expected. However, Trump's erratic behavior led him into this predicament, and today he is pleading with China and Europe to form a coalition to reopen it. When he failed to persuade the Gulf states to submit a draft resolution to the Security Council, a resolution submitted by Bahrain, authorizing the use of force to protect navigation in the Strait of Hormuz, amidst declared opposition from Russia, China, and France, the New York Times quoted a diplomat and a UN official as saying that Russia, China, and France effectively thwarted the Arab states' attempt to urge the UN Security Council to authorize military action against Iran to reopen the Strait of Hormuz, declaring their opposition to any formula authorizing the use of force. The Russians condemned the draft resolution, deeming it a biased text. Indeed, one of the most bizarre strategic innovations introduced by Trump is that opening the Strait of Hormuz became a war objective after it had already been open before he launched his war!

There is a striking parallel between America's current war and the closure of the Strait of Hormuz, and its strategic and geostrategic predicament, and Britain's historical predicament with the Suez Canal War in the 1950s. Writing for *The New Yorker* on 30 March 2026, foreign affairs journalist Ishaan Tharoor wrote in an article entitled, "Trump, Iran, and the Shadow of Suez," stating, "As Iran imposes a chokehold on the Strait of Hormuz, squeezing the global economy, Trump faces a crisis that echoes one of history's most revealing strategic failures." Thus, he pointed out that Iran's decision to choke traffic through the Strait of Hormuz is reminiscent of one of the greatest strategic failures in modern history, namely Britain's failure in the Suez Canal War, which ultimately led to the demise of Britain's global influence. Trump is now replicating this historical strategic failure in its American version, adapting it to his own circumstances and the specific conditions of his country.

Britain waged the Suez Canal War to reclaim its colonialist influence by fighting to bring the Suez Canal back into its sphere of influence. This occurred despite its empire being in decline, its colonialist power eroding, its economy deteriorating, and a fierce geostrategic struggle with new adversaries. Britain became embroiled in the war, failed to recapture the Suez Canal, and lost what remained of its global geostrategic influence. It was sidelined from the arena of major powers that dominated and influenced the international scene, and the discussion of world politics became limited to the United States and the Soviet Union. In the wake of the Second World War, Britain had still been considered a third superpower, alongside the Soviet Union and the United States, Alex von Tunzelmann, a British historian and the author of "Blood and Sand: Suez, Hungary, and Eisenhower's Campaign for Peace," explained. "After Suez," she continued, "that just drops," and we hear "more about a binary, bipolar world. What became obvious is that Britain couldn't act expressly against the will of the U.S."

However, the most dismal similarity for America today is that the Iran war exposed the advanced state of decline that America has reached. America today is not just experiencing a decline, but rather a complete and comprehensive deterioration, the most severe and harshest levels of which are its domestic front and the splitting of the core of the American capitalist deep state, and its fragmentation into factions with conflicting interests and goals. This has generated an advanced state of capitalist savagery and encroachment, and produced vertical and horizontal political fragmentation at the level of parties, the state, institutions, agencies and administrations, then a societal, cultural and civilizational disintegration and decay, and a devastating financial crisis unprecedented in the history of empires, which amounts to the drowning of the American state and society in an ocean of debt. The most dangerous of these is the decay of the secular capitalist cultural system and its end in its civilizational abnormality. Indeed, the system has reached its final stage of decay and the matter has ended in the corruption of the head and leadership. Trump's presidency constituted its naked and scandalous indicator, and the hell of Epstein Island was evidence

that the corruption of leadership is a general and comprehensive condition and not an isolated individual case, and Trump is merely an advanced level of leadership decay. The most glaring consequence of this leadership corruption was the strategic predicament the US faced in the Iran war. As political scientist Stephen M. Walt wrote in *Foreign Policy* magazine on 3 February 2026, in an article entitled, "The Predatory Hegemon: How Trump Wields American Power," that stated, "predatory hegemony contains the seeds of its own destruction," whilst warning that America will "become poorer, less secure, and less influential than it has been for most living Americans' lifetimes. Future U.S. leaders will operate from a weaker position and will face an uphill battle to restore Washington's reputation as a self-interested but fair-minded partner. Predatory hegemony is a losing strategy, and the sooner the Trump administration abandons it, the better."

The war on Iran then proved devastating to the raw hard power that America had used as a deterrent and a scare tactic to subdue both adversaries and enemies, all in an effort to maintain its eroding hegemony. The repercussions of the war left America completely exposed strategically to its rivals and enemies, all of whom were lying in wait, having become a viable and easily attainable target.

As for the discussion of some tactical economic gains, which are side effects of the war and not among its strategic objectives, it must be noted that these tactical gains cannot compensate for strategic losses. Furthermore, a careful analysis of these tactical economic gains reveals their very limited economic impact and almost nonexistent strategic impact.

The conclusion was that among the repercussions of the war, the energy crisis, and the economic shock, was a surge in demand for the dollar, whose value rose, and for American energy sources as an alternative due to its reserves and domestic production. This strengthens the petrodollar regime and reinforces the financial order through which America has dominated the global economy and the international arena. This analysis is logical, but the issue is more complex and multifaceted than a simple mechanical link between energy and the dollar through the petrodollar equation, given the complexities of today's international arena. Starting with unpacking the intertwined elements, it's clear that the beneficiaries of the energy crisis and its shock are oil and gas producers outside the geographical sphere of the war, primarily the American energy sector. This led to a surge in the stock prices of American energy companies, along with arms manufacturers. The returns were confined to the energy and arms sectors and did not extend to the American economy as a whole. This is a recurring pattern in the history of the American economy, appearing during times of war with a boom in the energy and arms markets. This does not signify an improvement in the economy. Instead, it reveals toxic contradictions and the other side of the coin, negatively impacting vital sectors of the American economy, the state and its debt and inflation, and society and the cost of living. The rise in energy prices negatively affects transportation and shipping costs, increases production costs, and raises consumer prices. This is what happened with the war in Ukraine and the paralysis of the Russian energy market, where major American energy companies profited. ExxonMobil and Chevron saw profits exceeding \$30 billion in the third quarter of 2022 following the outbreak of war. This was reflected in increased fuel, energy, shipping, production, and consumer prices. Furthermore, the war with Iran and the closure of the Strait of Hormuz created a crisis in fertilizers, chemicals, and raw materials, which the US imports from the Gulf states, given their status as primary producers. This disruption to supply chains also impacted production in the technology and agricultural sectors, two vital and strategic sectors for the US economy. This means the impact on the US economy, the state, and society is not singular.

The issue is not simply the spurring of the war industry during wartime, and the resulting increase in profits for private arms companies. Instead, the issue includes the cost of these industries in light of rising energy and raw material prices. It's worth noting that the US is a direct party to the war with Iran and the primary consumer of its weapons, equipment, and ammunition. The US, mired in debt, is the customer of American military production, exacerbating the toxic problem of American debt. This highlights the inadequacy of a simplistic view of oil, gas, and arms revenues in relation to the US economy, the US dollar,

and American hegemony.

Indeed, the repercussions of America's war on Iran and America's current strategic and military predicament are considered one of the severe tests for the continuation of the dollar as a global currency, after America's excessive use of it as a weapon even against allies, in addition to the use of the petrodollar weapon in its cold war against China and Russia, which strengthened the forces of disengagement. Among the in-depth studies that addressed the erosion of the petrodollar regime is the study entitled, "What Iran means for the petrodollar, a perfect storm for the petrodollar," by the strategist at Deutsche Bank, Malika Sachdeva, which gained wide circulation in decision-making circles and was published on March 24, 2026. In it, she indicates that the petrodollar system was in decline, and this is due to the shift of the center of the oil market to Asia. Moreover, the sales of Iranian and Russian oil, which are subject to sanctions, are taking place outside the framework of the dollar and represent 14% of global consumption. Also, the Saudi regime is testing the possibility of settling oil transactions with China outside the framework of the dollar. The study also points to a decline in the dollar's share of global central bank foreign exchange reserves from 65% in 2015 to 56.9% in 2025, according to the International Monetary Fund. Jim O'Neill, former Goldman Sachs economist and former British Chancellor of the Exchequer, attributes this to oil settlements and transactions by Gulf states with China and India outside the dollar framework. This trend is exacerbated by the strategic and military predicament facing the United States and the severe damage inflicted on the petrodollar-for-protection equation following attacks on US bases in the Gulf, further deepening the Gulf governments' disillusionment with the limitations of the American military umbrella.

Reuters anticipates a shift in the global economy away from a rigid reliance on the petrodollar and toward the reserves of other currencies. This will further erode the petrodollar regime and undermine the dollar's dominance in the global economy. This is compounded by the sharp and continuous decline in US Treasury bond holdings within national reserves, a growing and accelerating erosion that has fallen from 50% in 2010 to 32% in 2026, and America's war with Iran and its strategic predicament. These factors will exacerbate the erosion of the petrodollar system and the dependence on bonds, with repercussions for the US financial system, its global standing, and its dominance on the international stage.

Trump's war on Iran and its repercussions represent America's historic strategic predicament and a pivotal moment in the erosion of American hegemony and the decline of the global order established by America after World War II. Trump, a product of Epstein's scandalous order, and his administration, mired in crisis and surrounded by loyal sycophantic failures, are a blatant and shocking embodiment of a leadership crisis and a corrupt leader. Trump builds nothing strategically and establishes nothing new. Trump's Fox News puppet, Hegseth, obsessed with strip clubs and drinking, whom Trump appointed as Secretary of Defense, is a prime example of military incompetence. This Trump is America's gravedigger, not its maker of greatness again.

However, the solution is not in sitting and waiting for the decay and burial of America, but rather in the civilizational and political alternative to rid the world rapidly of the darkness of this blind ignorance that the European and American West has brought to the world as misery and suicide. This task will certainly not be undertaken by China, for it is a continuation of the oppressive ignorance of the West in its Chinese version, and it is, certainly, more cunning and bitter. Instead, salvation is in the Islam of the Lord of all humanity, Allah ﷻ, and the unique civilizational project of Islam and its unique and distinguished Khilafah Rashidah (Rightly Guided Caliphate). So why don't the sons and daughters of Islam hasten to demolish disbelief in all its colors and varieties and establish for Islam its edifice and structure; a Khilafah (Caliphate) on the Method of the Prophethood that spreads its justice and mercy among all people.

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