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Nobody Built It. Nobody Controls It. Nobody Is Accountable When It Fails.

America's financial deterrence infrastructure was assembled by accident, is enforced through borrowed authority, and is eroding in ways no institution in Washington is responsible for stopping.

This week, Kevin Warsh chaired his first FOMC meeting as Fed chair. The Committee voted 12-0 to hold rates and removed its prior cut bias entirely — reversing the cut Warsh himself signaled on Fox News during confirmation. Nine of eighteen voting members now project a hike before year's end. Markets reacted immediately.

What nobody asked amid the reaction was the structural question underneath it: who is accountable for what that whiplash costs America's financial deterrence architecture abroad? Nobody in particular. That is not new. It is how American financial power actually works — and it is accelerating the erosion of the system it was built to defend.

In March 2025, the Trump administration signaled openness to reconnecting a Russian state agricultural bank to SWIFT as part of ceasefire negotiations. Treasury Secretary Scott Bessent said “everything is on the table.” European allies were blindsided and refused. The deal stalled — because Trump couldn't deliver it even if he wanted to. SWIFT is a Belgian cooperative governed by EU law. The decision belongs to Brussels, not Washington.

That single fact is the most important thing most Americans don't know about the financial system underpinning their country's global power.

For fifty years, Washington has wielded the dollar as the world's most effective non-military deterrence instrument — sanctions on Iran, the SWIFT cutoff of Russian banks in 2022, secondary sanctions that forced European companies out of legal deals. But that architecture rests on a 1974 executive agreement no Senate ratified, a Belgian cooperative Washington doesn't own, and a Federal Reserve rate process with no mechanism for weighing what its decisions cost the world that depends on the dollar.

It was built by nobody in particular. It is controlled by nobody in particular. And Beijing has been exploiting that gap, patiently, for a decade.

The Accountability Map

The Federal Reserve sets rates for domestic inflation and employment, full stop. When high rates raise the cost of dollar debt for emerging markets just as China's parallel payment infrastructure grows more liquid, that is not the Fed's problem to own. The Treasury Department enforces sanctions through OFAC. When secondary sanctions catch neutral parties — European banks, Gulf institutions, Central Asian traders — and teach each one that dollar dependency is a liability, Treasury is not accountable for that cumulative lesson; it is enforcing existing law. The National

Security Council coordinates foreign policy but controls neither rates nor SWIFT. Congress has never built a statutory framework for dollar weaponization at all.

Every institution is doing its job correctly. The job that matters most — preserving the infrastructure that makes the others possible — belongs to no one.

The Lesson Every Episode Teaches

Each time secondary sanctions catch neutral parties, those parties draw the same conclusion: dollar dependency is a liability. Russia drew it after Crimea. Banks in the UAE, Turkey, and Central Asia drew it in December 2023, when a Washington order caused overnight migration to yuan settlement. Saudi Arabia drew it in 2024, declining to renew its exclusive dollar-oil commitment.

China's Cross-Border Interbank Payment System processed the equivalent of \$245 trillion in yuan transactions in 2025, concentrated in the regions where decisions about oil settlement and reserves get made. It doesn't need to replace SWIFT — only enough traffic diverted that exclusion becomes a regional inconvenience rather than a global weapon. It is on that trajectory: the dollar's share of global reserves has fallen from 73 percent in 2000 to roughly 57 percent today, the steepest decline in a quarter century.

The dollar is not collapsing. It is fragmenting — and fragmentation is more dangerous than collapse, because it is quiet and nobody's specific problem until it is everyone's.

What Accountability Would Require

This is not an argument that sanctions are wrong. It is that an instrument this consequential — one that substitutes for military force and depends on infrastructure Washington doesn't own — deserves governance commensurate with its importance: a statutory framework defining when secondary sanctions should be deployed and tracking their cumulative cost, formal visibility linking Treasury sanctions policy to the geopolitical downstream of Fed decisions, and an honest ledger of what transatlantic friction costs SWIFT enforcement specifically, since Brussels governs the infrastructure American deterrence depends on.

The dollar's deterrence value is eroding on a known trajectory, toward a known outcome, with a known cause. Beijing doesn't need to replace SWIFT. It just needs Washington to keep treating the architecture as self-sustaining while quietly building the exit that makes the architecture optional.

The question is not whether anyone in Beijing is reading that ledger. It is whether anyone in Washington is.

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