

The Fear Supply Chain: How the U.S. Manages Conflict to Preserve Global Dominance and Dollar Supremacy

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ABSTRACT: This study is a critique of how the United States strategically engineers instability in the region as one way of ensuring international hegemony and in strengthening the dominance of the U.S. dollar. Rooted in the ideological framework of controlled chaos, the analysis argues that the prolonged viability of adversarial states, including Iran, North Korea, and Russia, is not accidental or purely reactive in nature, but rather consciously manages to keep itself in a state of uncertainty in the field of insecurity. This controlled instability, the paper states, has several interconnected aims, which include spurring the profitability of the defense industry, justification of broad military deployments, maintenance of the so-called petrodollar system, and protection of the dollar as the predominant global reserve currency. Bringing together the tools of geopolitical analysis, macroeconomic data, and case studies, the study explains the systemic insecurity mechanism as the inherent component of the U.S. grand strategy, with a long-term impact on the international order, financial instability, and regional self-rule.

KEYWORDS: Controlled Chaos, Managed Instability, U.S. Hegemony, Dollar Supremacy, Petrodollar System, Military-Industrial Complex, Geopolitical Engineering, Global Insecurity

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Introduction

The policy of U.S. foreign policy for decades has positioned itself as an international force to defend liberal democracy, promote human rights, and stabilize troubled regions (Ikenberry, 2011; Nye, 2019). These principles have been used as the justification in the eyes of the public in terms of interventions such as peacekeeping missions, as well as up to full military campaigns. However, even after making significant investments in diplomacy and military strength, the problem of instability has been taking place around the world, including in the Middle East, Eastern Europe, and South Asia (Chomsky & Prashad, 2022). This paradox begs highly crucial questions regarding the strategic undertones of greater engagement of the US in the world.

Critical geopolitics and political-economy theorists put forward the view that everlasting insecurity is no longer considered a policy failure, but one more functional apparatus of upholding U.S. domination internationally (Harvey, 2003). In this context, there have been theories of managed instability and controlled chaos towards the strategic volatility maintained that military force can and should be projected, and the

stability of alliances can be maintained, and economic benefits in terms of the global preeminence of the U.S. dollar sustained.

It is not aimed at the complete destruction of enemies. Rather, the geopolitical competitors, namely, Iran, North Korea, and Russia, are kept in weak positions but not in strategically advantageous ones. Their perception of the continuing survival as such persists military industries and justifies static military placements, and enhances the structural centrality of American influence (Mearsheimer, 2022). The current Russia-Ukraine conflict has also rejuvenated NATO solidarity, rapid arm acquisition, and cemented the U.S. as the centerpiece of European security, as noticed by Bukhari et al. (2024a). In the same vein, the twenty-year asymmetric war in Afghanistan revealed how the region can be turned into an area of leverage for the United States, since the end of this civil war has led to humanitarian and developmental costs (Bukhari et al., 2024b).

Economically, this system of U.S. international leadership is based on the so-called petrodollar system, a financial model that was introduced in the 1970s, which states that all energy transactions all over the world must be made in U.S. dollars (Gowan, 1999; Stokes & Waterman, 2017). This system stabilizes the demand for the currency around the globe, which increases the capacity of America to fund its deficit and display fiscal monopoly. The volatility of the region is what keeps this system stable rather than disrupt it; both the aspect of military presence and the issue of controlled insecurity in oil production areas keep the petrodollar architecture stable.

Such processes in the world reflect domestic trends of ideological polarization and state exclusion. Bukhari & Mujaddid (2025a) explain that the identity-based conflict is instrumentalized into nation-building state units through nationalist projects like Hindutva in India and Zionism in Israel. Here we can find parallels to such international logic as managed instability that finds its strategic turbulences supplementary to the hegemonic control and a barrier to long-term peace.

According to this study, the perceived insecurity that has taken many years to rectify is not an accident as some other scholars have argued but a planned aspect of the current grand strategy in the U.S. With the help of interdisciplinary geopolitical approach, economical criticism and the method of comparative analysis of the cases, the work proves the role of managed instability as a systemic instrument of maintaining American hegemony, supporting global hierarchies and reproducing structural asymmetries within the international system.

Objectives of Research

- ▶ To discuss the role of the United States in strategically balancing regional instability in a bid to ensure world dominance.
- ▶ To have a look at the relation between the long-standing conflict and the maintenance of the U.S. dollar supremacy.
- ▶ To imagine the so-called Fear Supply Chain as one of the power projection and economic benefit tools.
- ▶ To gauge the contribution by adversarial state survival (e.g., Iran, North Korea, Russia) in subservience to U.S. hegemony.

Research Questions

- ▶ What role does the U.S play with managed instability to control world influence?

- ▶ How are the regional conflicts related to the dominance of the U.S. dollar?
- ▶ What are the advantages of fear and adversary preservation to the U.S. defense and economic framework?
- ▶ How does the Fear Supply Chain clarify the juncture of conflict, fear, and financial oligarchy?

Significance and Originality

In this work, the U.S. international policy is revisited critically through the introduction of the concept of the Fear Supply Chain as the mechanism that ties the insecurity being handled through crises with securing the American supremacy in economic and military dominance. Inasmuch as the prevailing literature identifies the role played by the US hegemony in the global order, very few works directly explore the institutionalisation of fear, threat perception, and controlled struggle to perpetuate dollar supremacy and its international influence in the global order. The study bridges the gap between critical geopolitics, conflict economics, and international political economy by demonstrating the relationship of one to another in the context of the prevention of adversarial survival, economics of the arm dependency, and money systems, and, therefore, abets the strategic positioning of the United States as the previously listed. The innovativeness of the research lies in the following: the research envisages fear as logistical and economic capital, ruptures the conventional myths of keeping peace, and unveils the structural relationship between the governed insecurity and American power. It introduces new empirical and theoretical evidence in the academic debates of hegemony, conflict, and international financial governance.

Whether it is chaos or anarchy that should be privileged, it is vital to realize the origin of chaos with respect to its functionality within a given economy since it may prove beneficial to an economic system and not a setback as indicated by David Harvey in his critical analysis of the dynamics of capitalism (Harvey, 2003). He argues that geopolitical turbulence is not just the collateral damage but, quite the contrary, was deliberately maintained in the state of existence so as to strengthen the existing power regimes. Such analysis provides the intellectual foundation of the concept of managed instability. Moving further into the field of geopolitics, Cooley & Nexon (2020) expand this premise by showing how the United States performs the role of utilizing the play of geopolitical volatility particular toward military diplomacy, defense alliances, and strategic ambiguity, to preserve hierarchical interactions with the rest of the globe without requiring complete colonial subordination. In a similar way, Mearsheimer (2022) places these actions in realist reasoning and shows the embodiment of persistent threats like Russia or Iran and how they are used to create alliances (e.g., NATO) and justify further military spending.

The economic aspect of this mechanism has its origin in the petrodollar system. Ndouli (2006) points to the U.S.-Saudi agreement in the 1970s and shows that pricing the world's oil in dollars developed a circular relationship of treasury purchases and fiscal supremacy in the world. Building off this framework in Stokes and Waterman (2017) and Stokes (2018), this paper explains how energy dependence and economic supremacy correspond to the capacity and geopolitical reach of militaries due to petrodollar recycling. Such financial-military circuits prove vital in the comprehension of how war zones and instability can be preserved, creating opportunities and not damaging American international power. Current research conducted by Catalan et al. (2024) at the IMF provides empirical support for this theory. Their paper performs a gravity model that demonstrates the negative impact of geopolitical misalignment, or a geopolitical distance, on the

flow between countries that translates into redirecting capital to the markets oriented to the U.S. This disintegration intensifies the dominance of the dollar-based systems and financial networks when it comes to the preservation of global power.

A complementary study by Okuda and Tsuruga, (2024) supplements this to a further understanding of how fragmentation of a system limits diversification benefits and international finance. As a matter of fact, geopolitical tensions enhance U.S. financial authority as they diminish the access of other states to international financial markets.

Methodology

This paper uses a qualitative political-economic approach whereby the analysis seeks to determine how the United States maintains controlled instability to ensure the US continues to maintain global hegemony and dollar dominance. It incorporates the case study analysis, the review of financial data, and the evaluation of critical discourse of policy. The most critical case studies based on Iran, the Russia-Ukraine conflict, and North Korea draw attention to areas in which the U.S. security policy, economic pressure, and geopolitics can collide. The sources of primary data are reports on defense expenditure and the flow of arms, statistics of the IMF, SIPRI, and the U.S. government publications on international finances. Secondary sources rely on academic studies of hegemony, the petrodollar system, and the economics of conflict. Through the deployment of a critical geopolitical approach, the research uses the combination of both theories of managed instability and monetary hegemony in order to examine how fear, conflict, and financial architecture, through which the global power of the United States is sustained, work together in synergy.

Limitations

Limited access to classified intelligence restrains real-time intelligence. Interpretive analysis is affected through subjective assessment, but data that is triangulated enhances dependability. Geopolitical strategies, and not certain cultures or countries, are the subject of critical thoughts in the research.

Significance

The research demonstrates the important role of fear control and controlled instability as the instruments of American power to connect permanent war to the primacy of dollars. It provides an addendum to comprehend the economic and strategic imperatives of sustaining the global insecurity under American domination.

Discussion

The edifice of world U.S. power is further distinguished by not looking solely in terms of the unmissable forms of military hegemony but also through an operationalized approach of embracing destabilized uncertainty in essential areas. The U.S. has bases in more than 70 countries around the world, and more than 800 of them, which is not an accident or even defensive (Cooley & Nexon, 2020). Rather, their foundations are in the geopolitical hotspots where their rivals, including Iran, North Korea, and Russia, remain in a policy of amicable hostility and have become the systemic supports of what this paper refers to as the Fear Supply Chain. In such a system, the enemies are not destroyed, but remain tactically kept in an impaired, destabilizing fashion.

The example of Iran can serve as such a villain which is necessary and needed by the U.S. strategy as, by remaining alive, it can ensure that the threat perceptions are being maintained by the Gulf monarchies, contribute to arms sales, and justify the presence of the U.S. military in the Persian Gulf (Stokes, 2018; Mearsheimer, 2022). Partial decoupling of Iran with the petrodollar system via oil trade in yuan and barter system also illustrates the paradox that the antagonistic position of Iran becomes economically useful than the collapse of the regime.

It is the same with the U.S.-Israel relationship. Although Washington has been coming to the aid of Israel militarily, it tends to curb Israeli activities that may jeopardize the delicate balance of low-intensity conflict. This maintenance of instability guarantees the U.S. indispensability to Israel and the other neighboring Arab countries, to continue American influence as a protector and power broker (Cooley & Nexon, 2020). The architecture is also strengthened by economic mechanisms. The dollar weaponization and especially the petrodollar system is the U.S. hegemony in the arena of financial politics (Ndouli, 2006; Stokes & Waterman, 2017). Oil sales as well as profits in arm trade, and recycling of national wealth, especially the sovereign wealth funds, have transformed into a feedback loop in which the insecurity in the world keeps the currencies in demand, the financial inflows in the countries, and the financial growth in the domestic economy. By way of example, the U.S. military industry is not only strengthened through billions of dollars in deals with Saudi Arabia, the UAE, and Qatar, but it also returns petrodollars to the U.S. economy, subsidizing the stock market and the federal deficit (Stokes, 2018).

Importantly, peace in such regions as the Middle East is not just unattainable, it is structurally undermining to this regime. The realization of sustainable peace would lower the arms-dependency levels, degrade U.S. basing-related purposes, sabotage dollar-recycling money flows, and possibly give the regional players control to question the U.S. strategic conditions (Harvey, 2003; Catalan et al., 2024). Therefore, conflict is not a failure of any given policy but a deliberate aspect of maintaining power in the global political arena. Human costs stand in sardonic contrast to the economic inducements that reside within it. The millions of displaced people in Iraq, Syria, Afghanistan, and Yemen, or the thousands of military victims of the United States, indicate how the costs of constant war are shifted to society, or how people are alienated, and the profit is maintained by corporate agents of defense industries and investments (Chomsky & Prashad, 2022).

Taken together, these processes lead to the picture of the systematic Fear Supply Chain, where fear, controlled insecurity, and the levers of the economy benefit each other with the purpose of reinforcing the U.S. global supremacy. The architecture of the system guarantees that the volatility is circumscribed and kept inexhaustible, the enemies are disempowered and kept alive, and the peace is spatially unfavorable as the larger imperial American control is concerned.

Conclusion

The results of this research make it clear that the contemporary U.S. geopolitical policy is becoming a supply chain not of commodities, but of fear, a well-regulated system of controlled instability aimed at maintaining the global hegemony and the economic supremacy. Within the concept of the Fear Supply Chain, one can notice that some of the adversaries are not destroyed to the extent that they should vanish, and on the contrary, they are denied their power by becoming stable, independent actors. They are more strategically

weakened, contained, and permanently maintained as sources of regional volatility. This system is not ideological or guided by notions of democracy, but it is embedded in the very concept of liberty and humanitarian care, which are elusive in nature. It is, in essence, all about liquidity, capital circulation, and sustenance of the structural factors that support dollar hegemony and defense-led economic development. Insecure regions like the Middle East, Eastern Europe, and East Asia are kept restless, and therefore, the demand for arms sales is maintained, military deployments are justified, and the petrodollar system is kept intact, supporting the financial dominance of the U.S. This logic of profitable antagonism is characterized especially by Iran. Although Iran has spent decades surviving in the face of sanctions, proxy wars and international isolation, its continued existence plays a vital role in United States interests: it keeps Gulf oil states reliant on American weapons, continues to maintain naval hegemony in Hormuz Strait, contributes to fluctuation of oil prices and adds weight to the regional menace discourse. A stable and integrated Iran is a threat to such dynamics, and a bleeding, sanctioned, and radioactive Iran would still make a good property of this global architecture of managed fear. Peace, therefore, is not a threat as portrayed by the rhetoric of the government, but it is a structural threat to the financial and operational viability of this regime. Significant durable peace would curb arms dependency, weaken the rationale of the U.S. military presence and petrodollar recycling, and enable transnational actors to upset established hierarchies. Part of this reasoning is that, in this case, conflict is not to be avoided and achieved peace, but rather, it is to be controlled. This study advances the literature of critical geopolitical and political-economic studies because it has revealed an institutionalization of fear as an economic asset and tool of U.S. hegemony. The Fear Supply Chain is something that is much more than an elaborate theorization, but a systemic engine that is the cause of the never-ending warfare, financial hegemony, and planetary imbalance of forces. As there is evidence in this system that peace kills profit, fear keeps the liquidity, and instability is a characteristic, not a defect, of the American global strategy.

Recommendations for Future Research

Following the results of this study, it would be appropriate to conduct further academic research to complete the understanding of the specifics of the Fear Supply Chain and its consequences on the global system of power distribution:

- ▶ **Considering the Influence of Lobbying the Arms Industry and the U.S.A. Foreign Policy as well as Foreign Aid allocation:** Subsequent studies ought to analyze critically the influence of exercise by defense-based contractors and industry lobbyists on the U.S. policies of foreign aid, especially in areas that are characterized by persistent instability. Examination of campaign contributions, lobbying spending, and legislative behavior might shed further light on the degree to which the interests of the arms industry dovetail with geopolitical policymaking.
- ▶ **Create Other Security Architectures that do not depend on Defense:** Axes should be put on either importing arms, foreign military basing, and the mentality of imaginary threat narratives by scholars and policymakers, to consider models of regional security. Successful, self-sufficient security projects may have case studies that can be used as an alternative today to dependency systems.
- ▶ **Estimate the Military Aid to the GDP of the client states to determine levels of dependency:** Quantitative assessment of U.S. military aid packages in comparison to the GDP of recipient states is a

systematic analysis giving information on economic power embedded in defense ties. Strategic client-state dependency can be in the form of high aid-to-GDP ratios.

- ▶ **Understanding the Connection between U.S Defense Contracts and FMS: A study of the Relation Between U.S Defense Contracts and FMS Stability:** Future studies will need to examine the role of the large defense contracts, arms purchases, and defense spending to the stability of the U.S. debt markets as well as the overall financial systems. It is imperative to understand these connections in order to demonstrate the way economic and security interests interact in the perpetration of asymmetries in the world. Taken collectively, these areas of inquiry will achieve vital knowledge regarding the structural organization of fear, insecurity, and economic systems in the U.S. foreign policy and provide avenues through which managed instability cycles can be broken.

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